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NEWS SUMMARY

GENERAL

Nuclear sub theft plot

Three young Americans have been charged with plotting to steal a nuclear submarine, sell it and possibly destroy a U.S. city with a missile attack.

The FBI said the men planned to steal the submarine Trepang from its base at New London, Connecticut, by training a 12-man team to board the vessel, kill the crew—which numbers 107—and set off for the mid-Atlantic, where the Trepang would be sold to an undisclosed buyer.

In the process, an armed missile would be launched against New London, "as a diversionary measure." The plot came to light when one of the alleged participants—an insurance salesman—showed the details to an undercover FBI man.

Cabinet falls in Sweden

Swedish Prime Minister Thorbjorn Falldin has resigned and the country's first non-socialist Government for 44 years was being dissolved after only two years in office. There has been increasing disharmony in the tripartite coalition.

UK faces court

The UK will be taken to the European Court of Justice over its unilateral fisheries protection policy, according to Eamonn Gallagher, head of the EEC Commission's fisheries directorate. Back Page

Assad in Moscow

Syrian President Hafez Assad held talks with his Soviet counterpart Leonid Brezhnev in Moscow. They are believed to be formulating a common policy to counter the Camp David Middle East peace accord. Page 4

Probe clarified

Scotland Yard said it is not carrying out any "criminal inquiry" into Liberal Party funds, though an investigation into homosexual assaults and misuse of funds at the National Liberal Club is continuing. The club and the party have no direct link.

Powell's attack

Enoch Powell, Ulster Unionist MP for Down South, attacked his former Conservative colleagues for failing to protest at the "humiliation of Britain" when James Callaghan went "to grovel and ask for absolution" from Zambia's President Kaunda. Page 10

Nobel award

Jewish author Isaac Bashevis Singer has won the Nobel Prize for Literature for his writings on the fate of East European Jewry. He grew up in the Warsaw ghetto but emigrated to the U.S. before the Nazi holocaust.

Chapter ends

A chapter in Ulster's history ends this weekend when Betty Williams and Mairead Corrigan step down as leaders of the peace movement they founded 26 months ago.

Air born

A Laotian refugee gave birth to a daughter aboard an Air France jet as it passed over Mont Blanc. Mother and baby were "doing well" said the airline.

Briefly . . .

Woman who burned herself to death near Windsor was named as Pamela Evans Cooper, 54, a director of Fortnum and Mason.

Malcolm Allison, manager of Plymouth Argyle, was fined £200 in London for damaging a transport police detention room at Paddington Station.

Fahad Mihyi was commited for trial accused of killing El Al stewardess Irit Gidron and the attempted murder of another stewardess in London.

City of London businessmen are offering £1,000 reward to find missing schoolboy Mark Berkshire, whose parents work at Billingsgate.

BUSINESS

Equities reverse two-day gains

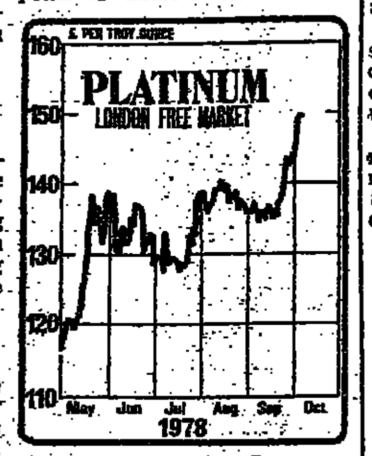
● EQUITIES reversed their two-day advance, and the FT ordinary index closed 6.3 down at 504.8

● GILTS recorded marginal gains in longs but shorts eased and the Government Securities index fell 0.02 to 69.95.

● STERLING fell 5 points to $1.9820 and its trade-weighted index was unchanged at 62.6 per cent. The dollar remained weak against other European currencies and its depreciation widened to 9.7 per cent (9.6).

● GOLD rose $½ to $223½ in London.

● PLATINUM touched a new peak of £150.40 on the free market and closed £0.40 up at £149.65.



● GOVAN SHIPBUILDERS has launched the first of the ships in the British Shipbuilders' £115m Polish order. It is the 4,400-ton bulk carrier Malbork II which will be towed to Robb Caledon's Dundee yard for fitting out. Page 10

● EXPORT order to Pakistan worth £1.25m for control equipment which the Government believes may be used in the manufacture of a nuclear bomb is under investigation by the Department of Trade and Energy. Back Page

● PYE has been awarded a design and development contract for a communications system for the small and medium business market. The initial contract is worth £½m, but the market for the system is expected to top £100m. Page 6

● DATSUN UK, the privately owned importer, has refused to take part any longer in the voluntary scheme to restrict the Japanese share of the UK car market. Page 5

● IATA director-general Mr. Kurt Hammarskjold has criticised U.S. airlines policy which he warned could bring aviation nations into direct conflict. Page 4

● NEW HOUSING starts in August were the lowest for six months, according to Department of the Environment figures. Page 7

● SHIPYARD management and unions from Britain's 29 State-owned yards are to set up a joint working party on wages. Page 13

● PLASTICS producers, led by Dow Chemical, ICI and Shell Chemicals, have started a drive to raise prices from present rock-bottom levels. Page 5

● MR. GERARD FAIRTLOUGH, managing director of Shell Chemicals UK, is to become a divisional director of the National Enterprise Board. Page 10, Men and Matters Page 20

● SELFRIDGES, the London department store which is part of the Sears Holdings group, is negotiating to open a branch in Disney World, the $700m leisure complex at Orlando, Florida. Page 7, Sears results Page 22

● SIR JULIAN HODGE is retiring as chairman of the banking and personal finance empire the Hodge Group. Back Page and Page 31.

COMPANIES

● THAMES TELEVISION pre-tax profits for the year to June 30 increased by 11 per cent to £8.65 (£7.76m). Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Amal. Dist. Prods.	33	+ 4
Asscd. Fisheries	50	+ 5
Bejam	65	+ 6
Brit. Commonwealth	305	+ 5
Dixons Photographic	136	+ 11
EMI	158½	+ 13½
Farnall Elect.	423	+ 8
Lyles (S.)	65	+ 4
May and Hassell	83	+ 4
Midhurst White	43½	+ 3½
News Intnl.	265	+ 13
Parker Timber	106	+ 6
Pawson (W. L.)	64	+ 3
Vantona	137	+ 9
Wolstenholme Bronze	255	+ 25
Afrikander Lease	245	+ 20
Anglo Amer. Corp.	378	+ 6
Anglo Utd. Dev.	245	+ 20
Bishopsgate Plat.	100	+ 4
CRA	306	+ 6
Northgate Expln.	435	+ 30
Westfield Mins.	132	+ 12
FALLS		
APV	227	− 6
Beecham	710	− 12
Brown (J.)	456	− 8
Dawson Intnl.	105	− 4
Dowty	275	− 5
Ellis and Everard	105½	− 6
GEC	327	− 9
Hawker Siddeley	255	− 9
ICL	473	− 7
Racal Electronics	334	− 10
Tube Invs.	384	− 10
Whitehouse (G.)	108	− 7

NEB prepares for £40m venture in office equipment

BY MAX WILKINSON

The National Enterprise Board is preparing to launch a major new venture in the office equipment industry at a cost of about £40m.

It has been given outline approval for setting up a new subsidiary which will be provided with about the same amount of funds as allocated to Inmos, its new semiconductor company.

The office equipment company, is not, however, expected to take direct responsibility for production. It will sub-contract to a group of small companies in which the NEB has taken, or is planning, minority shareholdings.

The venture is aimed to stimulate the development of new products in an area now dominated by foreign multinational companies — including Philips, International Business Machines and Olivetti, and other Japanese and U.S. companies.

The NEB wants to develop small business machines and communications equipment based on the latest micro-electronics technology.

Its first line of attack on the market, worth several hundred million pounds a year overall in the UK, ill probably be to develop a word processing system (automatic typewriter with magnetic memory.)

The new subsidiary is expected to assume a co-ordinating role over the research and development of new products and to have responsibility for marketing them.

It will draw on the expertise of a group of companies in the electronics and computer programming fields in which the NEB has taken an interest. These include Systime and Data Recording Instruments. Logica, the largest UK programming company, is at present negotiating with the NEB, as is Monotype.

Approaches are also believed to have been made to Muirhead, the facsimile transmission company, and to Computer Technology Limited (CTL) which make the mini-computers.

Mr. Bob Finch, managing director of CTL, confirmed yesterday that he had been having regular talks with the NEB about possible co-operation in an office equipment venture, but he said no deal had been reached at present.

The NEB said last night: "It is true that we have been looking at the office equipment area, but it is still early days. We have to have a great many talks with companies before we make up our minds."

The NEB was not prepared to say whether money had been provisionally allocated to the project. However, within the industry it is indicated that the Board is preparing to spend about £40m on the project over the next few years.

The latest report by the National Economic Development Office sector working party for office equipment, expressed considerable alarm about the way in which British manufacturers were falling behind U.S. and Japanese competitors in high technology office products.

Last year the adverse balance of trade in the sector was running at about £150m and the sector working party said there was a grave danger of the UK becoming more and more dependent on the U.S. and Japan.

NEB's new role, Page 20

Australia plans to borrow $800m in Tokyo

BY CHARLES SMITH TOKYO, Oct. 5.

THE AUSTRALIAN Government is hoping to borrow a total of $800m (£404m) in Tokyo during the final three months of this year in what could become one of the biggest fund raising operations ever undertaken by a foreign government on the Tokyo capital market.

The Y150bn package consists of three separate operations. They are on a yen-demoninated bond issue valued at between Y50bn and Y75bn together with two syndicated borrowings valued at Y35bn to Y40bn each The total amount is intended to satisfy Australia's external borrowing need for the fourth quarter.

There will probably be no borrowing operations of a comparable scale in the Euromarkets, or other international capital markets during this period.

In the July-September quarter the Australian Government was active in European money markets. In July it floated a Swiss franc bond issue worth the equivalent of A$195m (£114m). This was followed by a Netherlands issue, worth A$121m in August and a D-Mark issue worth A$110m in September.

Australia announced last July that it was joining the queue of would-be borrowers on the foreign yen-denominated bond market.

The Australian Embassy in Tokyo today warned against firm assumptions about the amount of the new issue, or its precise timing. Both will depend on conditions in the bond market.

There seems to be a greater certainty that the two syndicated loans will go ahead on schedule. One of these will be managed by the Long Term Credit Bank and the Industrial Bank of Japan with the Bank of Tokyo also participating.

The second loan will be placed mainly with trust banks (including Mitsubishi Trust) and insurance companies.

Australia has been borrowing heavily on international money markets during the past 18 months to bridge the balance of payments gap caused by a decline in private capital inflow. In the 1977-78 fiscal year, total official borrowings amounted to A$1.806bn (net of repayments).

Another A$448m was borrowed in the first three months of the present fiscal year starting in July.

Australia's financing needs coincide with a strong revival of interest in overseas yen lending by Japanese banks.

James Forth writes from Sydney: Australia's borrowing plan is part of a continuing programme to shore up the country's reserves and stave off a unilateral devaluation of the Australian dollar. The aim is to convince foreign investors that there will be no devaluation and thus encourage a resurgence of capital inflow.

Australia's balance of payments is under pressure, with the depressed state of major economies adversely affecting the exports of commodities such as coal and iron ore. Mr. Malcolm Fraser, the Prime Minister, warned recently that Australia could not count on any dramatic improvement in its trade position.

The latest loan is easily the largest single block of overseas borrowing by Australia.

Belgian borowings, Page 26

EMI pre-tax profit down £38m

BY CHRISTINE MOIR

HEAVY LOSSES on medical scanners and halved profits in its music business cut EMI's pre-tax profits for the year to June from £64.7m to £26m—at the bottom end of the City's expectations.

However, the dividend has been maintained despite the fact that earnings of only 7.1p a share barely cover half the cost of total gross dividends of 14p.

Sir John Read, chairman, who hinted last week that the figures would be bad, said yesterday that the board had decided to maintain the dividend "having carefully considered the prospects for the current year and bearing in mind retained earnings from previous years."

The news on the dividend created a temporary rally in the share price but the closing price of 156p—an 11p rise on the day—arose from unexpected good news from the U.S.

Johnson and Johnson, which yesterday made a snap agreed bid for Technicare Corporation in the U.S., announced that it had reached agreement with EMI over wolrdwide licences under EMI's scanning patents. EMI invented the medical scanner, a diagnostic machine in which a mini-computer is harnessed to X-ray technology, during the early 1960s.

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Johnson and Johnson bid, Page 26

The company has been in litigation with Technicare for more than two years over patents on the scanners.

Now, Johnson has agreed what Sir John described yesterday as a "multi-million dollar out of court settlement" recognising EMI's patent rights.

Although the agreement is conditional on Johnson and Johnson's successful takeover of Technicare, the settlement is regarded as very significant for other litigation by EMI against General Electric and Pfizer, the two other big scanner makers.

Although he refused to quantify overall prospects before the annual meeting in two months' time, Sir John said that the scanners were expected to continue losing money for the first six months of the year and patent income was not expected to be significant.

However, he emphasised that for the first time, group results showed "a very profitable business" over a five-year period.

The music division, which contributed profits of only £16.8m last year compared with £32.7m the year before, was hit by fierce competition among the leaders in the U.S. record market, Warners, CBS, EMI and Phillips.

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FEATURES

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Wholesale prices leap 0.9% in U.S.

By Jurek Martin

WASHINGTON, Oct. 5.

WHOLESALE prices in the U.S. jumped by 0.9 per cent last month, the steepest increase since the spring and a mattter of clear concern to the Carter Administration.

President Carter moved quickly today to demonstrate his awareness of inflationary problems and had the immediate satisfaction of seeing the House of Representatives uphold his veto of the $10bn Public Works Bill on the grounds that it would contribute to escalating Government costs.

Although both the leaders of his own party and of the Republicans supported the attempt to over-ride his veto, Mr. Carter prevailed in an important test of will when the House voted by only 223 to 190 to nullify the veto—53 votes short of the two-thirds majority needed to over-rule the President.

Earlier today, he accompanied news of his veto with a brief note to each member of Congress which ran: "The Producers' Price Index for finished goods rose 0.9 per cent in September—an annual rate of 11.4 per cent. I urge you to help me control inflation and to set an example of leadership for the nation by supporting my veto of the Public Works Bill."

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The major factor in the rise in wholesale prices was again food, which went up by 1.7 per cent last month, after falling 1.5 per cent in August. But non-food items also increased in price. This component of the index rose by 0.6 per cent compared with 0.4 per cent in August.

Just as disturbing was the fact that two other indices, which measure the price of goods at crude and intermediate stages of processing, both turned sharply upwards after dropping in the previous month.

The 0.9 per cent jump in the overall index—successor to the Wholesale Price Calculation—follows a 0.1 per cent fall in August, a more modest advance of 0.5 per cent in July and increases of 0.7 per cent in May and June.

The figures tend to refute the Administration's belief that the inflation rate has been abating from the double figure levels of earlier this year.

The senior Commerce Department economist acknowledged his surprise at the sudden leap in food prices, while his counterpart at the Labour Department observed that the September returns "cancel out the hope that things are getting any better."

Michael Blanden writes: The

Continued on Back Page

Ford strike made official by TGWU

BY PHILIP RAWSTORNE AND CHRISTIAN TYLER

THE DIFFICULTIES facing the Government and union leaders in diffusing shop floor militancy this winter were, highlighted yesterday by the decision of the Transport and General Workers' Union to declare the two-week Ford strike official.

It makes even more urgent the attempt to find a mutually acceptable compromise on Phase Four pay controls. The Government and union leaders start the search at their first meeting next Tuesday.

The transport workers' decision, taken at the Labour Party Conference in Blackpool, was a reminder that this week's quick repair of Government - union relations at the political level has yet to stand the test of mounting pressure against the 5 per cent pay limit.

The Prime Minister's last night conceded that he may be facing a winter of confrontation, but said there would be no departure from the per cent unless the TUC could come up with an equally effective way of preventing inflation risi nginto double figures again.

However, no wthat the transport workers have thrown their considerable financial and organisational weight behind the Ford workers, Ministers are becoming resigned to the likelihood that the Ford strike will not be ended without the pay limit being breached.

Some are already calculating that a settlement of 6 or 7 per cent would be acceptable, provided any extra money beyond that was earned through a genuine productivity bargain. They expect to be able to suffer a defeat at Ford—as last year—without sacrificing the credibility of the whole strategy.

The justification could be that few other companies would be able to point to such good profits as Ford in mitigation of a breach.

Asked in a BBC television interview whether there was any room for a Government-union compromise, Mr. Callaghan said: "That depends. Not on the overall objective. It's nothing to do with 5 per cent but how you keep down inflation and prevent wage costs from increasing."

He repeated his warning to the party conference that, if inflation ran over 10 per cent, monetary and fiscal measures would be employed. "We shall use the other instruments, which I fear will be unpleasant."

The Government was not going to print the money to finance inflation. Spelling out the consequences of a clamp-down on the money supply, he said that the Government had no wish to see further unemployment.

"That is why I am pushing the trade unions as hard as I can over moderate wage claims. This would be far better than another couple of hundred thousand out of work."

The big question hanging over the talks that start next Tuesday between Ministers and TUC leaders is whether—especially in the face of the transport workers' determination—there is a formula which the TUC could square with its anti-incomes policy resolution at Congress last month.

The Prime Minister made it clear last night that any re-definition of Phase Four would need to be narrowly drawn.

Mr. Moss Evans, general secretary of the transport workers and one of the six members of the TUC on the

Workers at Leyland Vehicles' Lancashire factories could get rises of 20 per cent in a pay and productivity deal agreed between unions and management. Back Page

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National Economic Development Council, strongly hinted that there could be no acceptable compromise. But another TUC leader suggested that the TGWU could find itself out on a limb when it comes to the private discussions.

Mr. Evans said the TUC's policy was like that of the TGWU, and added: "I am not prepared to abrogate my responsibility by departing from a decision democratically arrived at."

The unanimous verdict of the union's finance and general purposes committee yesterday on the Ford dispute will cost the union £500,000 immediately — the decision is retrospective — and another £240,000 for every week that strike benefit is paid to its 38,000 members in the company. The union is not short of funds and could keep up payments for more than 10 weeks before it needs to borrow from the bank.

Other transport union members, such as drivers and dockers, and other unions, such as the railwaymen's will be called on to help if necessary, Mr. Evans said.

He denied that the strike of 57,000 manual workers at 22 plants in pursuit of a £20 increase and a 35-hour week was

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£ in New York

—	Oct. 4	Previous
Spot	$1.9830-9845	$1.9740-9750
1 month	0.58-0.55 dis	0.55-0.45 dis
3 months	1.70-1.64 dis	1.70-1.60 dis
12 months	5.20-5.60 dis	6.00-5.80 dis

Portugal's socialists drop poll demands

BY JIMMY BURNS

LISBON, Oct. 5.

SOME 10,000 jubilant Socialist Party supporters waved flags, chanted and cheered early this morning in the sombre galleries of Lisbon's sports pavilion in what the casual glimpse might have taken for thec urtain raiser on an as yet unannounced electroal campaign. Although the gathering claimed officially to commemorate the annivesary of the Portuguese Republic (born in 1910), it was more pointedly the first time that the Socialists had rallied round their leadership in public since the parliamentary rejection (proposed by Socialist deputies) defeated Sr. Alfredo Nobre da Costa's Government three weeks ago. But despite the massed jubilation tempting a call to battle, party leader Sr. Mario Soares appeared to go out of his way to offer an alternative to the polls.

Sr. Soares offered his formula for a solution to the present political impasse: that the President should appoint a new Prime Minister as soon as possible. The new Premier would neither have to be a Socialist nor to necessarily have to count on Socialist participation in his Government, but would nevertheless establish a new consensus between the President and the Portuguese Parilament. Such a solution, Sr. Soares said, was the most realistic in the present circumstances, and would avoid further inconsequential meetings between the President and political leaders. The patries, he added, had been forced in recent days into "issuing banal statements which give the Portuguese people the impression that they do not understand each other."

Such a compromising tone was not so readily adopted in August when President Ramahlo Eanes first attempted to find a solution to the political crisis brought on by the collapse of the six month old Socialist - Conservative alliance Sr. Soares then declared in no uncertain terms tha ntither he nor any of his fellow party members were prepared to participate in a presidentially backed goverment unless this was led by a socialist. He stuck resolutely to a strict interpretation of the Portuguese constitution. This states that a new Prime Minister should be appointed with due regard for electoral results. The Socialists, having won Portugal's last General Election with 35 per cent of the vote, argued then that this necessarily implied them.

This morning, Dr. Soares, while still remaining critical of Sr. da Costa's caretaker Government, did not bark openly at the idea of another independent Prime Minister. This might make President Eanes's present task somewhat easier, given the virtual ruling out of a new inter-party agreement.

Signficantly Dr. Soares felt compelled today to state something which the Socialists found it hard to state back in August: that the President is undisputedly democratic.

"The truth must be said . . . the President has shown respect for the political parties and for their dynamism and logic," he said.

Statements such as this suggest that Sr. Soares might have regained some of his old political skill, which was considerably tarnished during the break-up with the Conservatives. For the first time since the political crisis began, he has shown himself in public at least sensitive to the warnings of commentators outside his party, who are not necessarily against eim: that the uncompromising stand adopted by the Socialist leadership in the summer seriously misjudged Portuguese public opinion, and in particular the popular support for President Eanes, and his candidates' realistic and undogmatic opinions at a time of pressing economic problems.

Significantly, when Parliament voted on the rejection motion last motnh, it was Sr. da Costa and not the Socialists who were greeted with the loudest applause from the public galleries.

Yugoslav arrests

Two Austrians have been arrested in Yugoslavia on allegations that they engaged in espionage against Yugoslavia, the official news agency said yesterday, quoting "reliable sources." AP reports from Belgrade. There are also indications the agency added, without providing further details, that they were backed by an intelligence service.

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Norwegian budget call for 'loyalty'

BY FAY GJESTER

OSLO, Oct. 5.

ZERO GROWTH in private consumption next year and a minimal rise in public-sector spending are foreseen in the Norwegian Labour Government's budget for 1979, presented to the Storting (Parliament) today.

In his budget speech the Finance Minister, Mr. Per Kleppe, said that the Government's austerity policies called for "loyalty from all groups and a certain degree of sacrifice by many."

Despite the Government's tough measures, he said, unemployment was bound to rise (from the present level of about 1.3 per cent). The past few years had shown how dependent Norway's economy was on the rest of the world, and the Western industrial countries had not shaken off mass unemployment. There were 17m unemployed in the OECD countries and in Scandinavia alone unemployment this winter could reach about 600,000, he pointed out.

As a contribution to the 15-month prices and incomes freeze announced last month, the budget makes no increases in indirect taxes or charges for public services.

Direct taxes will rise by a total of about NKr 270m (£27m) as a result of increased social security contributions and tax concessions to low- and medium-income families with children. Pensions will also rise.

Total expenditure is estimated at Kr 67.7bn—6.3 per cent higher than in the revised budget for 1978, compared with an increase in expenditure of 18.3 per cent from 1977 to 1978. The lower rise reflects the prices and incomes freeze and last-minute austerity cuts in a number of sectors. In general the cuts will reduce planned investment spending more sharply than day-to-day spending on goods and services, since investments can more easily be postponed.

Total revenues are foreseen at Kr 61.4bn—only 10.6 per cent up on the previous year, compared with a 17.7 per cent rise from 1977 to 1978. This is a deficit of Kr 6.3bn — some Kr 2bn less than in 1978.

The budget reflects the Government's concern at Norway's growing foreign debt, expected to reach almost Kr 100bn by the end of this year. It aims at curbing imports by restricting domestic demand, and encouraging exports by holding down cost increases and thereby making Norwegian industry more competitive.

The Government will no longer encourage certain industries—sometimes with the help of subsidies—to retain employees they do not need. Instead it hopes to see greater mobility in the labour market.

Unemployment is expected to rise sharply in some areas and the budget includes a special allocation of NKr 450m, to be spent on training schemes, job re-location, and special payments to companies which hire "difficult" categories of workers, such as the under-18s or those over 50 who have been unemployed for some time. The measures aim to provide the equivalent of 15,000-20,000 extra jobs over 1979 as a whole.

The Government's budgetary forecasts for 1979, also tabled today, foresee gross national product growth — excluding oil and shipping—unchanged at only 0.5 per cent. Including oil and shipping, the GNP is expected to rise by 3.1 per cent from 1977 to 1978, but by only 1.8 per cent between 1978 and 1979.

This partly reflects the almost 100 per cent jump in oil and gas output this year to some 30m tonnes of oil equivalents. 1978 is the first full year in which both the Frigg and Ekofisk gas pipelines have been operational, and there has been no major accident like the 1977 Ekofisk blow-out to hit production.

From 1978 to 1979, petroleum output will rise less sharply, by about 33 per cent to 40m tonnes of oil equivalent.

The 1978 payments deficit is now forecast to reach only NKr 12.6bn, against the estimate of NKr 20.8bn in the revised 1978 budget. The improvement on the earlier forecast reflects an 8 per cent volume fall in traditional imports this year—partly as a result of austerity measures. At the same time, non-oil exports have risen by an estimated 1 per cent. For 1979, a payments deficit of NKr 16bn is foreseen.

Reuter adds: Between December and February Norway will award seven of the 15 blocks allocated to the fourth round of North Sea oil concessions, a spokesman for the Ministry of Petroleum and Energy said.

Volvo will be told this month whether it can share in the concessions following its cars-for-oil deal with Norway, but the spokesman said the final award could be made only after Parliament had discussed the deal early next year.

W. German anti-terror law changed

BONN, Oct. 5.

THE WEST GERMAN Parliament today enacted two minor chanegs intended to make life more difficult for terrorists on the run, but retreated from what it considered unacceptable encroachments on personal liberty.

In future, hotel guests will be required to fill out in their own handwriting a registration chit. But the Social Democratic (SPD) - Free Democratic (FDP) coalition refused to accept an Opposition suggestion that hotels should be required to verify the particulars against a passport or identity card. This step, SPD and FDP spokesmen told the Bundestag, would impose police responsibilities on hotel managements and would also infringe personal freedom.

The Oppoistion had argued that registration without verification would serve as no deterrent to those the system was designed to catch. However, the coalition has maintained that what Germany needs is not new legislation, but more efficient enforcement.

In a second vote, the Bundestag allowed an endorsement to be entered in the identify card of anyone who is refused a passport or who has had their passport withdrawn. This is intended to alert frontier police within the European Community to suspected terrorists, since a national identity card is all that is needed for travel between member states of the nine.

● Inflation in West Germany declined last month to only 2.2 per cent, measured by the increase in the cost of living index since September 1977, the Federal Statistical Office reported today. This was the lowest monthly rate of increase since December 1969.

The price index itself dropped 0.3 per cent from its level in August, with coffee, fresh fruit and vegetables and eggs all markedly cheaper.

Immigrant move

M. Raymond Barre, the Prime Minister, told the French Parliament early today that France would reconsider its immigration policy to fight unemployment, Reuter reports.

Barre survives censure motion in Socialist attack on economy

BY ROBERT MAUTHNER

PARIS, Oct. 5.

THE FRENCH Government easily survived its first big Parliamentary test since the General Election last March when a Socialist censure motion was defeated in the National Assembly late last night.

The motion, which was directed mainly at Prime Minister Raymond Barre's economic policies was backed by both the Socialist and Communist parties. But their combined votes of 199 fell 47 short of the required majority.

The result was hardly in doubt after the announcement before the debate by the Gaullists, the largest member of the ruling coalition, that they would not support the motion in spite of their sharp criticism of M. Barre's austerity policies.

Though M. Claude Labbe, the leader of the Gaullist Parliamentary group, was careful not to endorse the Government's current policies, he stressed that his Party was not prepared to act as "the sorcerer's apprentice." If, at some future date, and in exceptional circumstnces, the Gaullist Party decided to vote for a censure motion, it would do so only after mature reflection of all the consequences, he said.

The probable consequences on this occasion were clearly not to the liking of the Gaullists. If they had voted for the censure motion, thus ensuring the defeat of the Government, President Giscard d'Estaing might well have desolved Parliament and called for new elections.

Given the recent wave of the Left-wing opposition by-election successes, the conditions for going to the country certainly do not favour any of the coalition parties, including the Gaullists, whoshe candidate was roundly defeated in a Paris by-election last weekend.

The main feature of the censure debate was a stinging attack by M. Francois Mitterrand, the Socialist leader on the Government's economic policies for which he held President Giscard personally responsible. The Government had not even achieved its aim of curbing inflation, which in spite of all the restrictive measures that had been taken, was still running at 10 per cent year after year, he said.

At the same time, unemployment had reached record levels and the projected growth of GNP of 3.7 per cent this year, fell well short of the 4.5 per cent required to reduce the number of jobless.

Undeterred by these strictures, M. Barre confirmed that the Government had no intention of modifying its policies. There were two ways of stimulating employment he said. The authorities could revert to an inflationary policy which would have no more than a temporary effect on employment or it could help companies to invest and export as it was doing at the moment.

Tight rein on French inflation

BY DAVID CURRY

PARIS, Oct. 5.

THE FRENCH Government has given proof that it has no intention of relaxing its counter-inflation strategy next year. It has announced a target for money supply lower than that achieved in 1977 and likely for 1978.

The 11 per cent target for the expansion of the monetary mass contrasts with a 12.5 per cent expansion this year and last year, and is intended to fall below the rate of growth in value of the gross domestic product.

The expected rate of expansion in GDP next year is about 3 per cent in value and just short of 13 per cent in volume. Retail prices are expected to rise by 7.9 per cent next year, compared with a probable 10 to 11 per cent this year, partly provoked by the policy of pushing up the cost to the public of State services like transport, tlecommunications and electricity.

The tightening of monetary guidelines, announced by M. Rene Monory, the Economic Minister, implies yet another year of restriction on the growth of bank credits. Very little increase in bank lending has been permitted over the past two years except for certain categories of lending, notably export finance.

In 1979, it is thought that banks may have to integrate some of their export financing into their credit ceilings.

M. Monory hinted last week that some of the smallest banks might receive more generous treatment. However, the Bank of France feels it would be almost impossible to administer such a discriminatory system, especially as it is sometimes difficult to draw the line between where smallb anks end and big finansmall banks end and big finan-

What is certain is that France intends to go into the proposed European Monetary System with its hatches firmly battened down. While the balance of payments has shown marked improvement so far this year, it remains vulnerable to an increase in oil prices. Recent figures have shown that the rise in French wages has been stronger than the Government intended, causing it to threaten two permissive companies with retaliation.

The Government has also set itself a stiffer target for the budget deficit than this year, FFrs 15bn against the FFrs 25bn probable in 1978. At least the deficit is not proving difficult to finance: the Government is raising another small loan of FFrs 3bn on the money market at a rate of 9.45 per cent compared with the 9.8 per cent coupon for last July's issue.

It is also expected that France will have less recourse to the international market next year than this, which is already well below last year's level. For example, overseas borrowing in the final quarter of 1977 totalled FFrs 8.54bn whereas the first quarter of this year saw FFrs 4.75bn and the second FFrs 2.11bn raised in foreign currency.

Cyprus calls for UN sanctions on Turkey

The President of Cyprus, Mr. Spyros Kyprianou, yesterday proposed that the United Nations General Assembly hold a special session to review the failure of many states to implement Security Council resolutions, including those dealing with the Cyprus problem, Our Own Correspondent writes from the UN. He also urged the Security Council to consider invoking mandatory sanctions against Turkey, which has refused to heed UN demands for the withdrawal of its troops from the island.

Dutch inquiry

Dutch justice officials have ordered an inquiry into allegations of police brutality made by a group of Iranian students who were expelled from the Netherlands, AP reports from The Hague.

The nine students, ordered out of the country after staging a peaceful occupation at the Iranian Embassy in August, claim they were beaten with rubber truncheons. One student was said to have suffered a broken neck vertebra.

Husak operation

Czechoslovakia's President Gustav Husak is to have a second operation to remove an eye cataract, said Reuter, quoting informed sources in Prague yesterday.

A visit to Czechoslovakia by Austrian President Rudolf Kirchschlaeger scheduled for next week was postponed because of Dr. Husak's operation.

Gibraltar call

Spain's Foreign Minister, Sr. Marcelino Oreja Aguirre, yesterday renewed his call for Britain to hand over Gibraltar, saying that decolonisation was a basic principle of the United Nations charter, according to Reuter in Madrid.

Catholic claim

Poland's Roman Catholic bishops criticised local Communist authorities yesterday for allegedly harassing their faithful. A communique published after an episcopate meeting also endorsed the bishops' aim to reconcile Poles and West Germans.

The bishops complained that some local authorities harass believers and threaten them with job dismissal unless they give up active participation in Church events.

Albania names China

Albania, whose close friendship with China has soured in recent years, has attacked China by name for the first time in the United Nations general assembly, reports AP. Albanian Foreign Minister, Mr. Nesti Nase, said his government had rejected "efforts of the Chinese leadership to dictate its big-power state policy and stands."

Warsaw Pact charge

The Warsaw Pact yesterday accused NATO of increasing tension in Europe by staging manoeuvres along the Communist bloc's frontiers, according to Reuter in Vienna.

East Germany's Ambassador to the Vienna-based talks on troop reductions in Europe told the 180th plenary session that the NATO manouvres were "expressions of a tendency to aggravate tension."

Papal election

A steady stream of pilgrims prayed at the gray marble tomb of Pope John Paul I in the grottoes beneath St. Peter's Basilica yesterday as cardinals of the Roman Catholic Church began formal preparations to elect his successor, AP reports from Rome. At a reception in the Ducal Hall of the Papal Palace, the cardinals also greeted dignitaries bringing condolences from leaders of more than 100 countries.

Marseilles swoop

Hundreds of police swooped on Marseilles underworld haunts during Wednesday night in the hunt for gunmen who killed nine people in a massacre in a local bar, Reuter reports from Marseilles. Several hundred police took part in the operation, checking the identities of about 1,500 people.

German factory

AN ULSTER district council has persuaded a German leather goods manufacturer to consider establishing a factory in the province. The company—which has not been named—is prepared to offer employment for up to 160 people.

Mr. Tom Daly, Fermanagh council chairman, said the interest was as a direct result of a long-standing twinning arrangement between Co Fermanagh and the Bielefeld and Brackweede area of West Germany.

Italian ruling party moves to the right

BY PAUL BETTS

ROME Oct. 5.

THE SELECTION of Sig. Carlo Donat Cattin, the Industry Minister, as the Deputy Secretary - General of the Christian Democrat Party is the latest development in the discreet but significant changes that have been taking place in the hierarchy of the long-ruling party.

Sig. Donat Cattin's nomination, which will entail a minor government reshuffle with the appointment of a new Industry Minister, follows a series of other changes at the top of the party including the designation of Sig. Giovanni Galloni as party chief whip and of Sig. Flaminio Piccoli as the new Christian Democrat President.

These changes were largely the consequence of the murder in May of Sig. Aldo Moro, the party's late president. However,

> Recent appointments have led to a new balance between right and left wings in the Christian Democrats party leadership.

they also indicate a closing of ranks by the party because of the possibility of an election early next year.

Until now, the Christian Democrat leadership revolved mainly around the party's reformist Secretary-General Sig. Benigno Zaccagnini and his close collaborators selected from the left-of-centre factions of the party. The appointment of Sig. Piccoli, who has traditionally stood right of centre, and the selection of Sig. Donat Cattin, who lately has moved from the left to the right of centre, and has become one of the fiercest critics of the Communists, Italy's second largest party, represent the creation of a new balance between right and left wing in the party leadership. The sideways move of Sig. Galloni, one of Sig. Zaccagnini's close collaborators, from Deputy Secretary to Chief Whip is further evidence of these new trends aimed at giving the party, superficially at least, the appearance of unity.

The changes inside the Christian Democrat Party indicate feeling that the party's popularity has risen and that it can expect this to be translated into greater electoral support. In local elections in May the party fared well at the expense of the Communists. The emotional impact of the Moro affair is still widely felt and Sig. Giulio Andreotti, the Prime Minister since the inconclusive general elections of June 1976, has succeeded in enhancing his party's image as a governing force.

While all the main political forces claim there are no alternatives to the present governing alliance, they are all showing signs of restiveness and seem to be aiming at sharpening their own individual images. This is an apparent contradiction of their recent public pronouncements of suport for the current coalition which keeps the minority Christian Democrat administration in office through the direct backing of the opposition parties, including the Communists and the Socialists.

The Christian Democrat Party itself has never been happy with the alliance with the Communists, and its instinct has always ben to seek an alternative. This alliance has repeatedly created tensions within the faction-torn party, and recently Zaccagnini came under heavy criticism from the veteran right of centre Senator, Sig. Amintore Fanfani, and a new generation of Christian Democrat deputies from the north.

The recent relative recovery of the Socialist Party and its frontal attack against the Communists is also having effects on Christian Democrat thinking.

The consolidation of the Christian Democrats comes as difficulties increase for the Communists. In his latest declarations, Sig. Enrico Berlinguer, the Communist Party Secretary General, has indicated that his party is reluctant to face an early election. The alliance with the Christian Democrats has created tensions within the party's rank and file and has raised doubts on Sig. Berlinguer's policy of the "Compromesso Storico," or Grand Alliance of all the country's democratic forces.

Socialist criticism of Communist Party ideology has proved an additional embarrassment, and Sig. Berlinguer has had to defend his party's historical roots.

This has intensified the attack from other parties, including the small but influential Republicans, who claim the Italian Communists have yet to evolve into a truly Western democratic party. This may indeed be an

> The consolidation of the party comes as difficulties increase for the Communists.

unfair criticism of the party, although it clearly puts pressure on Sig. Berlinguer to be specific on such key issues as the party's relationship with the Soviet Union.

Sig. Berlinguer has now left on a triangular tour to Paris, Belgrade and Moscow, to revive his party's commitment to Eurocommunism. Cynics have pointed out that Sig. Berlinger's departure coincides with the arrival here today of the Chinese Foreign Minister, Huang Hua. Relations between Peking and the Italian Communist Party have been cool in recent years.

But the overtures of China to the West will inevitably force the hand of the Italian Communists if the party's claimed independence from Moscow is to retain credibility.

Bomb trial outcry over defendant's disappearance

BY OUR OWN CORRESPONDENT

ROME, Oct. 5.

THE DISAPPEARANCE of one of the central defendants in the controversial trial at Catanzaro arising from the 1969 Milan bomb outrage, in which 14 people died, has taken some steam out of this week's major police anti-terrorist successes.

News of the disappearance of Sig. Franco Freda, one of the alleged Neo-Fascists accused of being involved in the Milan bombing, coincides with reports that Italian security forces have a copy of the minutes of the so-called Red Brigades' "popular trial" of Sig. Aldo Moro, the late President of the Christian Democrats. This follows the arrest of a number of suspected members of the extreme-left movement in Milan.

While the arrests in Milan are generally regarded as a breakthrough, public indignation has now been caused by the disappearance of Sig. Freda, who apears to have been missing since Sunday.

Sig. Freda was originally remanded in custody but due to the repeated delays in the trial he was provisionally released with the order to remain in a Catanzaro. Until Sunday he was living in a Cantanzaro flat with a girl friend. According to Italian law, those remanded in custody must be freed after a specific time if their trials are delayed.

This law was a consequence of the trial, due to resume in Catanzaro later this month. It has become popularly known as "Legge Valpreda" after the name of another defendant, Sig. Pietra Valpreda, and it was prompted by popular resentment against the protracted imprisonment of untried defendants.

The disappearance has led to widespread speculation in the Italian Press over Sig. Freda's fate. Some leading newspapers have suggested that he was kidnapped.

From the beginning, the trial has taken place in an atmosphere charged with suspician. This is the result of the alleged links of certainm members of the Italian secret services with some of the defendants.

Impasse on Basque constitutional change

BY ROBERT GRAHAM

MADRID, Oct. 5.

THE SENATE, Spain's Upper House, today approved the last articles of the country's new 168-article constitution. However, there was still total deadlock over a special addition to the draft demanded by Basque politicians.

The outcome of the Basque amendment, which seeks to incorporate certain historical Basque rights, threatens not only the viability of the constitution but also prospects for establishing peace in the troubled Basque region.

The impasse results from an unexpected vote in the Senate constitutional commission. This commission was handed the constitutional draft from Congress, the Lower House, before the full debate in the Senate. Basque politicians in the largely conservative Basque Nationalist Party (PNV) obtained the commission's approval for an addition to the constitution recognising and guaranteeing the historic rights of the Basque country.

These rights, known as Fueros, were abolished in 1839 and all subsequent attempts to re-establish them failed. The precise juridical nature of the Fueros is confused, but essentially they recognise Basque autonomy and a special sort of treaty relationship with the Crown, so that the monarch rather than Parliament is accepted as exercising sovereignty over the Basque people.

The PNV failed in the Congress discussions either to have existing articles amended or an additional article introduced that recognise such rights.

Faced with the prospect of a Basque boycott of the referendum to approve the Constitution, and the negative consequences this would have on the life of the new Constitution, the Communist Party today indicated a shift in its previous outright opposition to the PNV. The party's leading constitutional expert, Sr. Jordi Solctura, said that it would be more damaging for the country to reject the Basque demand over the Fueros than to accept it.

If a compromise cannot be patched up within the Senate, there is only one last chance for a change in the mixed commission of the two Houses of Parliament, which must approve the final draft before it is submitted to the country.

Schmidt coalition faces a stiff election test in Hesse

BY GUY HAWTIN

FRANKFURT, Oct. 5.

CANDIDATES IN Hesse and Bavaria are preparing for the final frenetic days of campaigning in the state parliamentary elections. On Sunday the electorate will decide not only the composition of the state legislatures but also on the future of Chancellor Helmut Schmidt's Federal Government.

The vote will also determine the composition of the Bundesrat, the Federal Upper House and, while few would doubt a conservative victory in Bavaria, the outcome of Hesse campaign is still unclear. For 33 years the Social Democrats have dominated Hesse—ruling either with an absolute majority or in coalition with the Liberal Free Democrats (FDP)—but if the Christian Democrats (CDU) take the state they would have the added bonus of controlling two-thirds of the Upper House, giving the ability to block Federal Government legislation.

Of equal importance is the future of the tiny FDP itself. The Liberals, who have rarely won more than 10 per cent of the vote in any election, have exerted an influence far beyond their size. They are the partners of the Social Democrats in the Federal coalition government with an important share of the key Ministries. However, their popularity has been waning and in the Hamburg and Lower Saxony elections they failed to obtain the 5 per cent of the vote needed to gain representation in parliament.

With so much at stake, the three parties have been turning out their national stars to support local candidates at the hustings. But despite the crowd-drawing abilities of such men as Herr Schmidt, Herr Helmut Kohl, the CDU leader, and Foreign Minister Herr Hann-Dietrich Genscher and Herr Franz-Joseph Strauss, the

> IF DR. Dregger wins in Hesse he will have a fair claim to leading the CDU/CSU to the polls in the next Federal election.

leader of the Christian Social Union, the CDU's sister party, the outcome seems likely to depend on the electorate's acceptance of the three parties' leading candidates.

Heading the Hesse Social democrats is Holger Boerner, the current state Prime Minister. Boerner, 250 lbs former building craftsman, is facing an uphill struggle. The party has been rocked by several major scandals and there are signs that many supporters are considering abstaining or switching allegiance.

Dr. Alfred Dregger, leading the CDU team, is the antithesis of the bouncey "man of the people" Boerner. The striking handsome lawyer is articulately beating the right-wing drum and making the most of the Social Democrats' recent past. However, it remains to be seen whether "red Hesse's" traditionally left of centre majority can swallow past principles in sufficient number to vote for the right of centre line.

Ekkehard Gries, leading the FDP, has had the job of re-establishing the party's independent image. As junior partner both in the Federal and State Governments, its loss of support has been attributed to its failure to maintain its individual identity. Gries appears to have succeeded in this—at least to a degree.

As usual there are considerable discrepancies between the opinion polls—prompting accusations of manipulation—but it seems that the SPD-FDP coalition may just scrape home. The CDU, which at the last Federal election won 47.3 per cent of the vote, may well increase its percentage but not sufficient to wrest an absolute majority in the State Parliament. The Social Democrats it seems can expect to see an erosion of their 43.2 per cent, while the FDP, against the apparant national trend, may pick up a couple of percentage points.

At this stage the election has developed into a mud slinging contest of classic proportions. Not only has Dr. Dregger been able to put the SPD on the defensive with its local scandals, But he has been able to exploit complaints about the poor standards of education in the state.

Dr. Dregger has also put SPD opponents on the defensive with accusations that they have been soft on left-wing extremists in public service—particularly in the schools. Here he was handed ammunition when the Social Democrat controlled Hamburg Senate appointed 20 Communist school teachers despite a general Federal policy of excluding extremists from sensitive public service jobs.

There has been considerable disquiet here over children being "indoctrinated" against the democratic system by left-wing school teachers. Hamburg's action could, at least, have been been better timed from the Hesse SPD's point of view.

But more is at stake in the election than local politics. If Dr. Dregger wins, he will have a fair claim to leading the CDU/CSU to the polls in the next Federal election—a prospect apparently not viewed with disfavour by Herr Strauss's party. If Dr. Dregger fails it could lead to the break-up of the CDU/CSU coalition and encourage the Bavarians to implement plans to form a "fourth party" on a Federal-wide basis. Either way, it seems, Helmut Kohl, the much-criticised CDU leader, faces headaches.

New York Post plans Sunday edition

By Our Own Correspondent

NEW YORK, Oct. 5.

AFTER AN ABSENCE of 58 days, a 128-page edition of the New York Post appeared on the news stands this morning, bearing portly testimony to the success of publisher Mr. Rupert Murdoch's unilateral dash for a settlement of the pressmen's strike.

While Mr. Murdoch's rivals, the New York Times and the Daily News, were still searching for a negotiated settlement with pressmen's union leaders, New Yorkers were thumbing through one of the fattest editions of their afternoon tabloid newspaper to have appeared for a very long time.

Laden with 60 full pages of profitable advertising, today's edition appears to confirm expectations that the Post will enjoy an advertising windfall for as long as the Times and the News remain strike-bound.

All of the city's leading department stores start their traditional autumn sales next Monday and this is one of the heaviest newspaper advertising week-ends of the year.

Seeking to capitalise on his temporary monopoly (two of the substitute strike newspapers are continuing publication) it was learned today that Mr. Murdoch washelping to plan a Sunday edition of the Post, which normally publishes on only six days a week, and was therefore unavailable to answer questions.

About 1m copies of the newspaper were printed today and this may rise to 1.5m by the week end.

Before the strike, the Post was selling about 645,000 a day and executives have every expectation of more than doubling this over the next few days.

Mr. Murdoch has promised to implement any settlement with the pressmen which is finally negotiated with the Times and the News whose officials are not disputing predictions that an agreement may yet be two weeks away.

Inco nickel threatened

SUDBURY, Ontario, Oct. 5.

THE UNITED Steelworkers of America Union, on strike against Inco, has asked the Teamsters Union and the Seafarers International Union to stop handling Inco nickel shipments, Mr. Dave Patterson, local president, said.

No reply had yet been received from the unions, he added. A refusal to move nickel would halt nickel transfers to Inco customers. Reuter

Carter move threatens nuclear test ban talks

BY DAVID BUCHAN

WASHINGTON, Oct. 5.

IN A development that could stall negotiations with the Soviet Union and Britain for a comprehensive nuclear test ban treaty, the Carter Administration is reconsidering how long it would want such a test ban to last.

Earlier this year the U.S. proposed a five-year ban on all nuclear explosion tests. But pressure from the Defence Department and the Government's weapons design laboratories has since apparently persuaded the Administration that any test ban longer than three years would jeopardise the technological superiority of the U.S. nuclear deterrent. The fear of these groups is that the U.S. would be unduly restrained in making technological advances to offset the heavier Russian missiles.

U.S. arms control officials today denied that any decision had been made to go for a three year ban, but said the desired duration of the test ban was still under debate in the Administration.

Mr. Andrei Gromyko, the Soviet Foreign Minister, in his speech to the UN General Assembly last week, said it was important to bring the test ban talks to a successful conclusion and reprimanded the Soviet Union's negotiating partners, the U.S. and the UK, for stalling.

U.S. officials today rejected accusations that the Administration was deliberately slowing the test ban talks in Geneva, so that any agreement banning all nuclear explosions, which might prove even more controversial than the proposed Strategic Arms Limitation Treaty, would reach Congress after a SALT agreement.

They said rather that the Geneva talks had been bogged down on the problem of how the test ban might be verified. Both the superpowers have agreed in principle to have "black box" monitors placed on their territory—an important concession by the Russians who have never before agreed to on-site verification. But U.S. officials say there are still many technical details to be resolved. They also claim the Soviet Union has agreed to the test ban being of limited duration.

Up to now, the test ban talks seemed to be moving a little faster than the SALT negotiations. A big breakthrough came last November when the Russians dropped two of their demands. These were that so-called "peaceful nuclear explosions" for non-military purposes be exempted from the ban, and that no agreement could be reached without participation of France and China.

The 1963 partial test ban treaty put a stop to Russian and American nuclear testing above ground, but allowed unlimited testing underground. Britain was a signatory at the time, but not to the 1974 threshold test ban treaty between the U.S. and the Soviet Union which put a ban on all underground nuclear tests above the level of 150 kilotons.

Meanwhile, a study issued today on Soviet and American military trends into the 1980s concludes that the early part of the next decade will be a period of Soviet strategic nuclear superiority. The report by the Committee on the Present Danger, which draws together many of the opponents of the Administration's attempts to reach a SALT 2 agreement with Moscow, concludes that Mr. Carter's defence policies are inadequate to meet this threat.

Venezuela names loss makers

BY JOSEPH MANN

CARACAS, Oct. 5.

VENEZUELA'S Controller-General has published a list of 16 Government-owned enterprises which showed losses of $2.58bn at year-end 1977.

The State-run companies, some of which borrow extensively from foreign banks, are a symptom of the serious management problems and tendency to overspend which have characterised the oil rich Government of President Carlos Andres Perez.

The 16 concerns listed by the Controller-General form only a small part of nearly 200 companies and independent agencies owned by the Venezuelan Government.

Among the most important industrial and commercial operations in the red were: the IVP (Venezuelan Petrochemical Institute) with loses of $598m, Sidor (the State steelworks), with a deficit of $61.6m, Aeropostal (one of two Government airlines), $84m, Inavi (the State housing institute), $214m and Inos (the Government water company), $209m.

Other concerns were the State Railroad Institute (now in the process of working out a $1bn contract with Canadian and Spanish consortia) and the National Institute of Ports, the State Tourism Agency, and the Corporacion Venezolana de Fomento (CVF), an entity which promotes industrial development.

The idea behind virtually all these Government agencies is that they should pay their own way, but their record shows an entirely different picture.

Although observers expect losses to occur in some of these entities, the sheer volume of red ink exposed by the Controller-General's report caused a stir, and evoked calls by opposition parties for Government reforms.

The Perez Government, which has earned and spent more money than any other in Venezuelan history, has often been reluctant to report profit and loss statements for some of its enterprises.

In some cases Government officials said accounts of State-run concerns were so snarled that even Government auditors could not account for spending of large sums of money.

"This report is just the tip of the iceberg," said one Government official, who asked to remain anonymous. "The amount of waste that has occurred over the past few years has been phenomenal. Most of these Government accounts will never be made public. It would be too embarrassing, especially in an election year."

Venezuelans will elect a new president in December and the current Administration has come under heavy fire from critics for alleged waste and corruption on a monumental scale. After news of the Controller's report was made public, an Administration spokesman sought to play down its significance by saying the loss figures had not been interpreted correctly.

Some of the deficits referred only to 1977 while others were accumulated losses. The biggest loss was registered by Corpomercadeo, the Government's agricultural marketing agency. Corpomercadeo was said to be in the red for $1.3bn, part of which was due to subsidies paid to farmers.

U.S. urges Syrian restraint in Lebanon

By David Buchan

WASHINGTON, Oct. 5.

THE U.S. is urging Syria to use restraint, and Israel not to intervene in the renewed bitter fighting in Lebanon, Mr. Cyrus Vance, Secretary of State, said on television this morning.

Any clash between these two countries, the Administration fears, would not only vastly complicate the Lebanon situation, but also jeopardise the Camp David peace accords.

The U.S. has backed the call by France, currently in the chair of the UN Security Council, for an immediate ceasefire and separation of the Syrian troops in Lebanon from the Lebanese Christian militias.

The U.S. leverage within Syria is not great, though last week's decision by Congress to allow $90m in economic aid to Syria is considered useful.

The State Department yesterday gave Saudi Arabia a public pat on the back for its efforts to urge restraint on President Assad of Syria.

State Department officials say no U.S.-made arms are reaching the Christian forces from Israel, and that the U.S. would strongly condemn any shipments of Israeli-made arms.

Mr. Vance, who today ruled out any kind of U.S. intervention, reiterated the Administration's previous call for an international conference on Lebanon.

Pinochet may visit China

By Robert Lindley

BUENOS AIRES, Oct. 5.

PRESIDENT Augusto Pinochet, of Chile, may visit China soon, Sr. Hernan Cubillos, Chile's Foreign Minister has announced. Sr. Cubillos will lead an "advance-guard mission" to China later this month.

While in China, Sr. Cubillos will invite Chairman Hua Kuo-Feng to visit Chile. It is not known whether Gen. Pinochet would go to China before or after any possible visit by Chairman Hua to Chile.

Relations between Chile and China deteriorated drastically with the coming to power in 1970 of President Salvador Chile has an important market for its copper and iron in China, which in turn is reportedly interestd in penetrating the Latin American market with its products through Chile.

American car sales dip but overall trend stays strong

BY JOHN WYLES

NEW YORK, Oct. 5.

U.S. CAR SALES dipped slightly last month but not enough to damage the prospect of a near record year for domestic and foreign manufacturers.

The continuing strength of consumer demand looks virtually certain to confound gloomy predictions made by industry experts at the start of the year of a significant fall from last year's total dealer sales of 11.179m cars. However, the overall strength of sales, which points to 11.36m deliveries this year, masks the problems suffered by some makers and the significant achievements of others.

Chrysler Corporation, for example, which is looking to the Peugeot-Citroen purchase of its European operations to guarantee its survival through the 1980's, is having an increasingly tough struggle to maintain its grip on the American market. Following a 20 per cent fall in its September car sales Chrysler has sold 6 per cent fewer cars this year than last and has seen its share of the U.S. produced car market fall from 13.9 per cent to around 12.6 per cent.

General Motors on the other hand is going from strength to strength. By introducing many of its new 1979 models early last month ahead of the domestic competition it pushed September sales up 6.7 per cent on the same month last year. In anticipation of continued strength GM is scheduling record fourth quarter production.

For by contrast suffered a 3.3 per cent sales decline although its sales to date are up 4 per cent on last year.

American Motors, the smallest and most financially troubled of the U.S. companies enjoyed a good sales boost in September which will raise its hopes that 1978 sales will exceed last year's, thus halting several years of decline.

Overall U.S. manufacturers sold 659,229 units in September compared to 656,600 last year. Imports faile dto maintain the sudden surge apparent in August when they reversed the trend of falling sales due to currency-induced price rises. Market share for imports fell from 20.7 per cent to 20.4 per cent in September and sales from 171,300 to 169,000. The two leading importers, Toyota and Datsun again suffered heavily, Toyota's sales fell by 10.2 per cent and Datsun's by 20.4 per cent.

Despite the rising yen Honda (up 19.3 per cent), Subaru (up 29.5 per cent) and Mazda (up 52.3 per cent) continued the sales gains which they have been making virtually all year.

Volkswagen, whose sales are sill more than 18,00 down on last year, turned in its best year on year improvement for 1978 with a sales increase from 12,905 to 20,370. A sharp rise in sales of its diesel engined small car, the Rabbit, helped contribute to this gain. British Leyland's sales fell 41 per cent from 6,397 to 3,772.

	1978	1977	% change
General Motors	395,449	370,656	+ 6.7
Ford	171,881	177,710	− 3.3
Chrysler	73,893	92,633	−20.2
American Motors	18,006	15,601	+15.4

Mexican flights disrupted by strike

MEXICO CITY, Oct. 5.

FLIGHTS WERE severely disrupted throughout Mexico today when air traffic controllers walked out in a dispute over contracts.

Government employees stepped in to operate control towers at the nation's 46 airports to maintain international flight operations, but domestic flights were only 10 per cent of normal, a Government official said.

Airport operation hours will be from 9 am to 11 pm daily, an official said, and will be gradually increased "as the Government controllers gain experience."

He refused to predict when that would be and refused to identify himself by name because he said he was merely a spokesman for the new Union that replaces the Air Controllers Union.

Domestic flights of the two national airlines, the privately-owned Mexicana Airlines and the Government's Aeromexico, were cancelled and only 11 international flights by each will be allowed daily, the official said.

AP

Trudeau party popularity sags

By Victor Mackie

OTTAWA Oct. 5.

PRIME MINISTER Pierre Trudeau's Liberal Party is sagging in popularity, while the Conservatives are gaining, according to the latest public opinion poll.

Fifteen Federal by-elections are scheduled for October 16. A Gallup poll shows the Liberals dropped four points to 41 per cent public support in September, while the Tories have gained three points to 38 per cent.

Far East wins $300m ship order

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

FAR EAST shipyards have won a contract worth more than $300m to build 12 containerships for Sea-Land, the shipping subsidiary of R. J. Reynolds Industries of the U.S.

This is the biggest merchant ship order placed for some time and in spite of the problem of the appreciating yen, Japanese yards were able to offer prices comfortably below those of German shipbuilders, which were the only Europeans to bid.

Seven of the ships will be built by Mitsubishi Heavy Industries, three by Mitsui Engineering, both of Japan, and two by Hyundai of South Korea. Apart from Germany, the only other country represented in final bids was Taiwan.

All the ships are for delivery in 1980—a relatively tight deadline, which probably explains why other European yards did not regard themselves as contenders.

Sea-Land said yesterday that the vessels, each of which has a capacity of 839 40-ft containers, will be used in its round-the-world service.

They will replace existing tonnage, but because the new ships are larger, there will be some increase in capacity on the service. How much will depend on final decisions on which ships to withdraw.

The ships contract is part of a $580m modernisation programme being undertaken by Sea-Land, involving replacement of ancillary and shore equipment.

OVERSEAS NEWS

Assad in Moscow for talks with Brezhnev

By David Satter

MOSCOW, Oct. 5.

MR HAFEZ ASSAD, the Syrian President, arrived in Moscow today and began immediate talks with Mr. Leonid Brezhnev, the Soviet President. It is believed the two leaders will be working on a common strategy to counter the Camp David peace accord.

Mr. Assad was greeted at the airport by Mr. Brezhnev, Mr. Alexei Kosygin, the Soviet Premier, Mr. Andrei Gromyko, the Foreign Minister, and Mr. Dmitri Ustinov, the Defence Minister. His arrival was broadcast live through the Soviet Union and Eastern Europe.

This is Mr. Assad's second visit to the Soviet Union this year. After his first visit in February, the Soviets stepped up military assistance and Mr. Assad is expected to press for further expansion of military aid during his visit this time.

The Soviets share Syrian anger over the Camp David agreements and the Government newspaper Izvestia last night praised the "staunchness of Damascus" in the struggle against Israel.

Mr. Assad is expected to discuss the situation in the Lebanon where Syrian troops are locked in heavy fighting with Right-wing Christian militia as well as concrete plans to counter what the Soviets refer to as the "separate deal."

Ihsan Hijazi adds from Beirut: President Hafez Assad left Beirut with the tension in Lebanon unresolved and his troops battling the Christian militia in what informed sources here believe to be a decisive showdown.

President Assad returned to Damascus briefly yesterday after visiting East Germany. His Moscow trip was decided at last month's Damascus summit of the "steadfastness and confrontation front" aimed at scuttling the Camp David agreements.

There are two key issues in the Syrian-Soviet talks. Firstly, the desire by Syrian leaders to obtain more sophisticated weapons to counter Israel's military strength, particularly after the Egypt-Israel "framework agreements reached at Camp David, and secondly the possibility of Syria concluding a treaty of friendship and co-operation with the Soviets—something it has resisted hitherto.

Mr. Abdel Halim Khaddam, Syria's Foreign Minister who is accompanying Mr. Assad, hinted at an alliance with Moscow while the Camp David conference was in progress.

President Assad had no time to meet President Elias Sarkis of Lebanon, who for some weeks had been seeking a meeting to consult urgently with the Syrian leader on new security arrangements to defuse the explosive situation in Lebanon.

Furthermore, Mr. Assad has given a categoric "no" to the French proposal for ending the current fierce fighting in Beirut between Syrian troops and the Christian militias.

The rejection was interpreted here as reflecting Syrian determination to deal a crushing blow to the militias, who are currently surrounded by Syrian troops at the north-eastern and eastern outskirts of Beirut.

Clashes raged for the third consecutive day with attempts by the militias to gain control of strategic bridges there, making no headway. The bridges are vital for the Christian supply line to the enclave around Jounieh.

Israelis divided on reaction to worsening Lebanon crisis

BY DAVID LENNON

TEL AVIV, Oct. 5

MR. MOSHE DAYAN, the Foreign Minister, today accused Syria of acting very negatively in Lebanon, but he did not think the fighting in Beirut would affect the peace negotiations between Israel and Egypt.

Israel has aided the Lebanese Christians with arms and by sending warplanes over Beirut. But it has not intervened directly in the fighting, despite earlier threats not to stand idly by while the Syrians crush the Christian forces.

The Government's policy at present is to urge Western nations to act to end the battle. Defence establishment officials have hinted, however, that this policy might be changed.

The Israeli Government is divided over how to react to the Lebanese situation. Some are urging military intervention because they fear that the destruction of the Christian forces in Beirut will lead to a collapse of Christian resistance in South Lebanon along the Israeli border. They are opposed by other Government figures who believe that Israeli military intervention in Lebanon will sabotage the broader Middle East peace efforts. They suspect that one of Syria's aims in stepping up the fighting is to drag Israel into a war which would be likely to reduce the prospects for a peace agreement between Israel and Egypt.

Mr. Yitzhak Rabin, the former Prime Minister, said he does not believe the Syrian offensive is designed to undermine the Camp David agreements, but is aimed at oppressing the Christians.

Mr. Rabin said that because of the dispersal of its forces, the Syrian Army was in no position to confront Israel.

The restraint Israel is exercising over the Lebanon because of the peace negotiations also appears to have affected Israel's possible retaliation for Fatah attempts to attack the port Eilat with a bomb-laden ship on Saturday.

AP reports from Tel Aviv: Israel plans to build 20 new settlements in the north-western Negev desert in a line parallel to the border with Egypt, Agriculture Minister Ariel Sharon has revealed.

Mr. Sharon told a group of settlers from Moshav Sadot in the Israeli-occupied Egyptian Rafah approaches south of the Gaza strip that Israel will build the new settlements during the next three year to house residents of the 18 Israeli settlements to be regained by Egypt in the Sinai Peninsula.

Cool response to Sadat Cabinet

BY ROGER MATTHEWS

CAIRO, Oct. 5.

PRESIDENT ANWAR SADAT told the newly-formed Egyptian Cabinet today that its major task would be to transform the economy. He urged members to take the economic opportunities offered by the challenge of peace with Israel.

Mr. Sadat was chairing the first meeting of the 32-member Cabinet, only 11 members of which were in the previous government. Public reaction to the reshuffle has been muted and in some quarters almost despondent. There is little evidence of what Mr. Sadat promised would be "the October generation" and no significant lowering in the average age of the Cabinet, which remains in the mid-50s.

As if to remind the Government of the task it faces, the census figures released today show that the population has topped 40m, with an increase of 1.8m in 21 months. When the International Monetary Fund agreed to a $720m extended facility to Egypt earlier this year it identified population increase as perhaps the single most critical problem facing the nation and urged immediate action.

The very size of the Cabinet will also work against what has been a long-sought solution to bureaucratic delay, divided departmental responsibilities, and a reluctance to take difficult decisions. While there is wide agreement that Dr. Mustapha Khalil, the new Prime Minister, intelligent and a capable administrator, there is little indication that he has found any formula for achieving a streamlined, homogenous team.

A main difficulty has been the reluctance of capable men to accept ministerial posts. Those who turned down offers cite the better financial opportunities available as a result of Egypt's open-door economic policy, and the reluctance of the President to delegate real authority to the Government.

It is also noticeable that two of the more capable men in the outgoing Cabinet, those at Education and Health, both elected not to continue.

Shah's opponent leaves exile

BY ANDREW WHITLEY

TEHRAN, Oct. 5.

THE SHAH of Iran's leading opponent, the exiled religious leader Ayatollah Khomeini, is leaving Iraq, his place of refuge for the past 15 years. His destination is expected to be Syria where the large Shi's Muslim community could provide support and a natural base from which to continue his campaign to overthrow the Iranian monarch.

In Iran itself, the western city of Kermanshah remains tense following four days of violent disturbances that began with last Sunday's nationwide strike in protest against restrictions imposed on Khomeini by the Iraqi authorities. Fourteen people are reported to have died in Kermanshah, on unofficial estimates.

Until now western Iran has remained relatively trouble-free. Most of its towns and cities escaped martial law. But with the new government of Prime Minister Jacfor Sharif-Emami concentrating on tackling the tidal wave of pay strikes now sweeping throughout the public sector, the Kermanshah troubles have served as a reminder that the threat to the Shah from the streets is still there.

Ayatollah Khomeini's move began yesterday with an attempt to cross from Iraq into neighbouring Kuwait. But the 68-year-old religious firebrand, who commands considerable support within Iran, especially among the urban poor and young people, was refused entry by the Kuwaiti authorities.

According to Iranian dissident sources, he was then refused re-entry into Iraq: but eventually spent the night in the port city of Basra.

In the town of Qazvin, west of Tehran, the martial law authorities today announced the discovery of an arms cache and what was described as huge piles of Communist tapes and leaflets.

The government today announced the release of another 86 "security prisoners," bringing the total released in the past month to over 380. It is not known how many others are still in detention.

Gandhi to fight in by-election

NEW DELHI, Oct. 5.

FORMER INDIAN Premier Indira Gandhi, who has been without a parliamentary seat for a year and a half, announced today she would contest a by-election in the South Indian state of Karnataka.

The election is due to be held on November 5 and Mrs. Gandhi is expected to file her nomination paper tomorrow.

Reuter

British A-bomb legacy

BY LAURIE OAKES

CANBERRA, Oct. 5.

THE AUSTRALIAN Government has been seriously embarrassed by the leaking of a Cabinet submission dealing with dangers posed by plutonium waste from British atom bomb tests at Maralinga in South Australia.

Mr. James Killen, the Minister of Defence, was forced to confirm tonight that there is a discrete mass of about half a kilogram of plutonium buried near the air strip at the former bomb test site which could be of interest to potential terrorists.

He said that, because the highly classified Cabinet submission had been leaked to the Australian Financial Review newspaper in "a criminal act," security measures at Maralinga had today been substantially increased.

The Cabinet submission said that 20 kgs of plutonium had been buried at Maralinga after the British nuclear weapons tests in the 1950s.

SOUTH AFRICA

Preparing the economic laager

BY QUENTIN PEEL IN JOHANNESBURG

Despite the high price of gold and a steady growth in real domestic product, there are signs that the revival of the South African economy is running out of steam. The task for the new Prime Minister, Mr. P. W. Botha, is to speed up growth while preparing for possible economic sanctions.

"INVEST IN your golden future," says the slogan in a leading Johannesburg department store. "Buy South Africa." If the wording of the campaign suggests a misplaced optimism at a time of unprecedented international pressure on South Africa, the underlying theme is a more accurate reflection of the reality.

It is the theme of "economic patriotism," stressed by Mr. P. W. Botha, the new Prime Minister, in his first speech from the steps of Parliament. And it is an indication of the limited economic options facing the new Prime Minister in his attempts to prepare the country for economic sanctions while keeping it on a path of growth and prosperity.

The South African man-in-the-street could be forgiven for being a little confused about the state of the economy. He knows that the world gold price is at a record high. Consequently, South Africa boasts a healthy surplus on the current account of the balance of payments, and has done for 18 months

Moreover, government spokesmen proudly claim that the economy has finally turned the corner from its prolonged recession. Since the beginning of the year, real gross domestic product has increased steadily from virtual stagnation in 1977. In his March budget, Senator Owen Horwood, the Minister of Finance, pledged himself to cautious stimulation of the economy, and that continues to be the official policy.

Yet in recent weeks a growing number of informed observers have warned that the revival is running out of steam, and needs further stimulation. While the official estimate of GDP growth is for up to 3 per cent in the current year, the Prime Minister's own Economic Advisory Council puts it as low as 2 per cent.

The latest issue of the Standard Bank monthly Review refers to a "growing feeling that demand in the economy urgently needs support if the recovery is to continue" Although there was a considerable boom in consumer spending in June, which helped to boost the growth rate, it was largely an artificial response to the imminent introduction of a 4 per cent general sales tax at the beginning of July. Sales fell back sharply in July and August, reflecting what the Standard Bank describes as the "fundamental weakness of most consumers' bedgets."

The rise in earnings has consistently lagged behind the rate of price rises, in response to the Government's anti-inflation campaign, and consumer spending has consequently been "spotty and erratic."

Not surprisingly, the business community has been pushing for further expansionary moves. The Federated Chamber of Industries has proposed personal and company tax cuts, a more expansionary monetary policy, better export incentives, as well as greater incentives for import replacement. Another measure which could be introduced rapidly would be the scrapping of the import surcharge, currently at 12½ per cent

The major constraint facing government policy-makers is the unhealthy capital account of the balance of payments. There has been an outflow of short-term capital since 1975 which, although partly caused by the reduction in short-term credit as imports have dropped, also includes a large element of "unrecorded transactions" reflecting political uncertainty.

Since the beginning of 1978, the long-term capital account has also turned into deficit, indicating a substantial repayment of longer-term debt, without further borrowing to cover it.

As Dr. Bob de Jongh, the governor of the Reserve Bank, pointed out in his annual review in August, South Africa has to maintain a strong current account surplus to pay for the outflow of capital, but that surplus is likely to dwindle as the economy picks up, drawing in more imports.

At that time, Dr de Jongh announced a cut in the bank rate, from 9 to 8.5 per cent, in an effort to sustain the economic recovery. This was followed by a reduction in the commercial banks' prime overdraft rates, and a cut in mortgage rates. Yet those reductions, along with a steady easing of capital market rates, have coincided with the significant rise in interest rates in the U.S.

The result has been to make domestic financing of foreign trade as attractive as foreign financing. The Standard Bank Review reports "an accelerating shift towards the use of domestic credit," which threatens to aggravate the outflow of capital.

The balance of payments current surplus is expected to be more than R1.1bn (£690m) in 1978, but with the surplus being gradually eroded, and turning into deficit in the latter half of 1979. Dr. Chris Van Wyk, the general manager of Trust Bank, recently forecast next year's overall surplus at R450m (£280m).

Given a long-term capital outflow of an expected R250m in the current year, and no further outflow in 1979, while there would be a continuing drain of R650m of short-term capital in 1978 and R250m in 1979, this would allow net reserves to rise by R200m in the present year, and only R180m next year.

There is a growing fear in the business community that the caution of the authorities could be met with a renewed international recession next year—and thus conspire to deny South Africa more than a temporary fillip in a pattern of long-term decline.

Meanwhile, black unemployment is likely to increase inexorably as long as the economy is incapable of sustaining growth rates of more than 5 per cent. The need to equip the economy to resist sanctions means pressing ahead with projects which would otherwise be considered uneconomic, and which generally are capital rather than labour-intensive, such as Sasol 2, the oil-from-coal plant, and the planned uranium enrichment plant. This in turn is likely to aggravate the unemployment situation, by devoting scarce capital resources to capital-intensive projects.

Given the monetary constraints posed by the balance of payments capital account, the consensus here is that any stimulation of the economy is likely to come from fiscal measures. At the same time, there is growing speculation about possible action to make South Africa more attractive for foreign investors, to counteract the continuing political uncertainty. But as the economic options are limited, a political solution, both internal and external, becomes more urgent.

WORLD TRADE NEWS

China mines mission in Australia

By Laurie Oakes

CANBERRA, Oct. 5.

THE CHINESE Vice-Minister for metallurgical industries, Mr. Hsu Chih, arrived in Canberra today at the start of a visit which the Government hopes will lead to the export of Australian Mining and Mineral Processing Technology to China.

The Deputy Prime Minister and Minister for Trade and Resources, Mr. Douglas Anthony, in a statement welcoming Mr. Hsu, pointed out that a particularly important part of the responsibilities of the Chinese Ministry of Metallurgical Industries at present is the implementation of the Chinese national plan for the upgrading of mining and mineral processing technology, adding that "The Chinese Government has indicated to us that it sees Australia as a possible source of this technology."

Mr. Hsu will be in Australia for three weeks. In a bid to impress him with Australian technology, the Government has arranged for him to see a wide cross-section of the Australian mining and mineral processing industry.

Australian trade officials have been optimistic about the prospects of exporting mining technology to China since the visit to China by the British Trade Secretary, Mr. Edmund Dell, in August. During the visit the Chinese asked for Britain's National Coal Board to design, construct and equip two big coal mines at Tatung in the north-east of the country.

Australia is now working hard on trade deals with China. Two weeks ago a mission led by the Deputy Managing Director of the China National Import and Export Corporation, Mr. Pi Yi-ming, left after signing contracts for large orders of iron ore, aluminium, lead and iron and steel.

IATA chief criticises American airline policy

BY LORNE BARLING

ORLANDO, Florida, Oct. 5.

UNITED STATES policy on airlines was sharply criticised yesterday by Mr. Knut Hammarskjold, Director-General of the International Air Transport Association, who warned that it could shatter the present rules and bring aviation nations into direct confrontation.

His concern was primarily over the effects of U.S. free competition policy on the international airline structure, which he said was being forced to change in deference to American de-regulation of airlines.

"Within the international community, there is deep concern at the way the U.S. is seeking to change aviation procedures," he said, speaking here at the International Chamber of Commerce Congress.

The U.S. Civil Aeronautics Board was, he claimed, imposing its own tariff rules on European routes, its own baggage rules throughout the world and its currency rules on many foreign nations.

There had been no multilateral discussion on the new policy, and consensus and compromise were being abandoned without taking into account the views of other nations.

Mr. Hammarskjold added that during the regulatory debate there had been little discussion on side effects such as congested airline terminals, jammed access roads and passengers waiting for hours for Customs and Immigration clearance.

All the greatly publicised upheaval on the North Atlantic route had produced only average growth. Markets had been distorted but little new traffic generated.

"A lot of confusion and uncertainty has resulted, leaving the industry in a fragile equilibrium that can easily be thrown out of balance by a slight downturn in economic activity," Mr. Hammarskjold warned.

It should be recognised by the U.S., he said, that many of the world's airlines are regarded as far more than just commercial concerns. They had a much wider brief, encompassing national socio-economic policies. They were regarded by their governments as part of the international trading system.

"In the final analysis, their product will be dealt with like any other traded commodity, be it steel, textiles, footwear or shipping. Unless these facts of life in international aviation trading are recognised, a collision course sems unavoidable," he said.

It was also ironic, he suggested, that following U.S. de-regulation, there was an unprecedented increase in Government involvement in air transportation, with endless rounds of bilateral negotiations taking place (20 in the U.S. alone).

There was almost a naive expectation that if unilateral price negotiations were thrown out of the window, governments would let the market fill the vacuum. In effect, the vacuum was being filled by an extension of the sovereignty of the U.S. Civil Aeronautics Board.

France, Brazil co-operation pact

BY DIANA SMITH

BRASILIA, Oct. 5.

FRANCE and Brazil will sign a technical cooperation agreement today on the occasion of President Giscard d'Estaing's official visit.

Also, a $150m contract will be signed between Brazil's southern region electricity authority and France's Alsthom Atlantique group, for supplies of Alsthom generators and services, for the Candiota power station in the south. The deal will be backed by credit from a syndicate of 20 French banks led by the Crédit Commercial.

The warm official and public welcome given to the French head of state and his ministers yesterday was, all observers agreed, a striking contrast to the polite but cool reception President Carter received when he visited Brazil in March this year.

Brasilia's residents came out in force and lined the route between the airport and the city. While some of their enthusiasm could be attributed to their first opportunity ever to see a Concorde landing, there is no doubt that a concerted effort was made to greet the French visitors openheartedly.

President Geisel's and M. Giscard's banquet speeches last night took mutual admiration, respect and trust to the verge of effusiveness—a reminder that France intends to be a constant, major political and trading partner of Brazil, and that Brazil intends to reciprocate.

"France," M. Giscard said, "is happy for you, for herself and for the world . . . as your economy develops and diversifies we discover that our two nations complement each other in many respects.

Indeed, while diplomatic and trade representatives of Brazil's other European partners look on with not fully disguised concern, areas of Franco-Brazilian co-operation are multiplying in every direction.

Brazil's official doors are held wide open to France, ensuring that Brazil comes closer to its stated goal of "less dependence on the United States through diversified dependence elsewhere."

M. Giscard himself, before he travelled to Brazil, told Brazilian correspondents in Paris that by the year 2000 he expected Brazil, through its size and importance, to be one of the 10 or 12 nations in the world which would be an *interlocuteur* of the superpowers and of a great, confederated Europe.

UK symposium in Peking

By Colina MacDougall

A DELEGATION of senior British businessmen is leaving for a 12-day visit to China tomorrow. The group will be led by Lord Roll, chairman of S. G. Warburg, and will include high level representatives of British aerospace, BP, Metal Box, Massey Ferguson, and other leading British companies. The mission is sponsored jointly by the Times and Business Perspectives.

Discussions will cover a wide range of industries. They will be concerned with how the UK can assist China in its modernisation plans and how China can increase its exports and pay for further imports.

● President Jose Lopez Portillo of Mexico plans to visit China and Japan with the aim of solving Mexico's chronic agricultural problem and expand markets for its infant petrochemical industy. He will leave Mexico City on October 21 for Peking and after a week in China he will spend four days in Japan.

Deficit cut raises hopes

BY OUR OWN CORRESPONDENT

RIO DE JANEIRO, Oct. 5.

A SLIGHT improvement in Brazil's monthly trade deficit—$44.023m in August, compared with $78.928m in July—has raised hopes that the year-end deficit can be held to $700m or $600m.

The accumulated trade gap, to the end of August, totalled $378m—compared with a $304.3m surplus in August, 1977. August imports totalled $1.1498bn, and exports $1.104bn.

The cause of this year's unsatisfactory export performance has been coffee sales of which, to the end of July, were only half the value of last year's seven-monthly sales.

Droughts earlier in the year and fluctuating world prices have hit Brazil's principal commodity export hard. Bad weather also made itself felt on soya and sugar exports—but these were partially offset by an encouraging rise in exports of manufactured and semi-manufactured goods.

With foreign sales of manufactured goods increasing by $587.5m, and of semi-manufactured goods by $210.6m to the end of July, industrialised products have now exceeded commodity exports for the first time ever.

India moves into shipbreaking

BY K. K. SHARMA

NEW DELHI, Oct. 5.

INDIA'S STEEL Ministry has finalised a scheme under which it will import old and large unserviceable ships and break them up so that the scrap can be used in re-rolling mills and electric arc furnaces.

There is a shortage of scrap which has made many re-rolling mills redundant, while scores of electric arc furnaces (or mini steel plants, as they are known) are facing closure for lack of scrap for conversion into steel. The mini steel plants account for nearly 1m tonnes of steel production annually, and are important for the Indian economy which is facing a steel shortage.

The Steel Ministry's scheme is to make shipbreaking into a major organised industry because it will provide not only valuable scrap but also employment opportunities since it is considered a labour-intensive operation. To begin with nine vessels will be broken up in four major ports. They will be bought from both Indian and foreign fleets.

Meanwhile, India and the United Arab Emirates have agreed to establish jointly a 1m tonne sponge iron plant at Abu Dhabi which will use natural gas and Indian iron ore. Sponge iron produced at the plant will be sold back to India to produce steel, which will then be shipped back to the UAE.

India will submit a detailed project report within two months to the UAE Government. Other areas of co-operation between the two countries, including oil exploration, are being considered.

Docklands in Japanese marketing push

By Paul Taylor

THE DOCKLANDS Joint Committee, in its latest attempt to attract foreign industrial development to London's derelict docklands, has appointed marketing agents in Tokyo to persuade Japanese companies of docklands commercial and industrial potential.

Sir Hugh Wilson, chairman of the committee, launched the investment campaign yesterday by announcing that the Tokyo-based AMbo Marketing Company had been appointed as sole agents in Japan. This makes Japan the first country where the committee has finalised its investment-seeking arrangements.

The campaign is being run through Walker Export, AMbo's UK representatives.

Greece trade deficit widens

BY OUR OWN CORRESPONDENT

ATHENS, Oct. 5.

GREECE HAD a trade deficit of $2.98bn in the first eight months of this year, a 17.5 per cent increase over the deficit of $2.54bn in January-August, 1977.

According to figures released by the Bank of Greece, imports in January-August, 1978, increased by 13.2 per cent to a total of $4.82bn while exports rose by only 6.8 per cent to $1.84bn.

The trade deficit was largely covered by a 14.1 per cent increase in invisible earnings which totalled $2.62bn. These came mainly from tourism, which was up 29.9 per cent at $825m, shipping, which was down 1 per cent at $745m, and emigrants' remittances which increased 6.2 per cent to $632m.

Invisible payments totalled $666m, leaving a deficit on current account of $1.03bn in January-August this year, an increase of 24.9 per cent over the same period of 1977.

Meanwhile investment opportunities offered by Greece as it stands on the threshold of full EEC membership and possibilities for joint Greek-Belgian ventures in the Arab world are being discussed here this week by a 60-member trade and *economic mission* led by Prince Albert of Belgium.

The mission includes Belgian Minister of Commerce Hector de Bruyne and representatives of 43 organisations, banks and private companies.

Malaysia woos U.S. investors

BY WONG SULONG IN KUALA LUMPUR

DR. MAHATHIR MOHAMED, Malaysian Deputy Prime Minister, Minister of Trade and Industry and chairman of the Cabinet committee on investments, is now in the U.S. on an investment promotion drive. In May, he led a similar mission to Western Europe, and before the year ends, he will have led missions to Japan and to Eastern Europe.

That the second highest ranking minister should woo foreign businessmen so earnestly reflects the importance that the Malaysian Government attaches to foreign investments — and growing concern that investments are not coming in at the rate it had expected.

Unlike the Second Malaysian Plan, in which the public sector played a leading role, the current Third Plan (1976-80) envisages the private sector as the main catalyst for growth. The plan seeks an injection of 26.8bn ringgits (some U.S.$12bn) in private investments, or an annual growth of 10 per cent during the five years.

As it turned out, non-oil investments in 1976 and 1977 grew at only 3 and 6 per cent respectively, and this is very worrying for the economic planners

There are various reasons for this shortfall—the sluggishness of the world economy, the domestic political uncertainties arising from the death of the Prime Minister, Mr. Tun Razak, and the ill-timed, sweeping legislation, particularly the now repealed amendments to the petroleum development act and the Industrial Co-ordination Act.

The manufacturing sector, on which the Government has placed high hopes, has been worst hit. In 1976, the Government approved 425 projects involving a total proposed capital of 1.2bn ringgits and a job potential of 32,200.

But last year only 400 projects, involving a proposed investment of 880m ringgits and a job potential of 29,600, were approved. The third plan expects manufacturing to create 34,000 new jobs a year.

Dr. Mahathir strongly denies that local investors, mainly Chinese, are holding back. He argues that they are putting their money elsewhere, into such fields as construction and trading, rather than into manufacturing, which is an area where there is less confidence in venturing without foreign partners.

Malaysia's industrialisation programme has largely passed the import-substitution stage, and industrialists must look for overseas markets to expand. But foreign markets are rather unfamiliar to most Malaysian businessmen.

Dr. Mahathir contends that if foreign investors were to start factories in Malaysia the local businessmen would join in. On this argument, Dr. Mahathir's wooing overseas assumes a new significance, even though the target inflow of foreign investments under the third plan is the same as the second plan—about 3.6bn ringgits.

During his current U.S. mission, the Malaysian Deputy Prime Minister will be able to speak with greater authority than during his earlier European tour.

The Government was returned in the July general elections with a massive majority. Equally important, the ruling UMNO party has confirmed the present leadership.

As a demonstration that he is able to deliver his pledges, Dr. Mahathir pushed through the one-stop unit before he left on tour. Investors, who have often complained that bureaucratic red tape is one of their main frustrations, will now no longer have to run around half a dozen departments seeking approvals and licences. Officials at the one-stop unit would do the running, and Dr Mahathir has made it clear that he expects results.

In the U.S., the Malaysia mission expects to clear up doubts about Malaysia's stability and racial problems. To most Americans, South East Asia and Vietnam are synonymous, and Vietnam means bad business.

Major new projects are now in the pipeline. Shell and Mitsubishi are committed to build a $1bn liquid natural gas plant in Sarawak. Shell is also studying the viability of putting another few hundred million dolars into a coal project in the state, while the Malaysian oil company, Petronas, would build a urea plant. The American aluminium giant, Reynolds, is also planning a $450m smelting plant in East Malaysia if it can be guaranteed cheap electricity.

These projects call for large amounts of foreign capital and expertise. But Malaysia is looking for fairly labour-intensive, medium-level technology projects, such as the tyre factory that Dunlop Malaysian Industries will be going into with the Kedah State Development Corporation. The factory will cost only $12m, but it will create more jobs than the Reynolds aluminium smelter.

There are enormous opportunities for industries that could use the country's vast agricultural resources of rubber, palm oil and timber. Malaysia produces 1.6m tonnes of [illegible] yet less than 2 per [illegible] is used within the cou[illegible]

Higher Concorde fares approved by CAA

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

INCREASES OF between 2 and 10 per cent in some North Atlantic air fares from November 1, have been approved by the UK Civil Aviation Authority, including a rise in the Concorde London - New York return fare from £905 to £920, and in the first-class return fare from £748 to £763.

But the authority has rejected any rise in the *economy-class* fare this winter, which stays at £340 return, London-New York, because it does not believe that a rise is justified on the basis of the cost of providing the service.

At the same time, the authority has approved a simplification of *the fare structure that will com*bine the 14-21-day and 22-45-day excursion fares into one 14-45-day fare of £271 return, London-New York. Incentive - group, youth and Budget-Plan fares have been eliminated as being unnecessary and too complex to administer.

The ultra-cheap stand-by fare of £64 single, London-New York, will rise to £67 on British Air*ways, but will remain at £64 on* Trans World Airlines and Pan American flights. The reason is that BA asked for a rise, whereas TWA and Pan Am did not.

Another fares discrepancy between the airlines which emerges from the authority's decisions is that the advanced purchase ex*cursian (Apex) fare on British* Airways will rise from £159 return, London-New York, to £174, but will remain unchanged on Pan Am and TWA.

Commenting on these changes yesterday, the authority said that it was open to further changes from the airlines, once they have realised that, as a result of their individual *requests so far, some disparities* will exist between the fares they charge for various types of service.

The authority's other main decision on Atlantic routes is to approve the plans put forward by all the big airlines, including British Airways, Pan Am and TWA, *for the introduction of* three classes of in-flight cabin service.

This concept, which on British Airways includes first-class, club-class (including full economy fare travellers) and discount class (including all cheap-rate travellers such as stand-by and Apex), is intended to ensure that businessmen and others paying higher fares do *not find themselves sitting next* to cheap-fare passengers enjoying the same standards of service for less money.

On the London-Houston route, British Caledonian last night said the authority had approved a cut of £33 in the return first-clasv fare from £854 to £821, but the *"full facilities" executive-cabin* return fare would rise by £6 from £455 to £461. A new 14-45-day excursion fare of £360.50 return would be introduced from November 1.

The rises cover the coming winter only, up to end-March, next year. They do not take into account, therefore, the plans of some airlines, including British Airways to seek further rises in some Atlantic fares from next April 1.

British Airways has not yet completed its studies, but is expected to make an application to the authority later this year or early next for rises of 5 per cent in most Atlantic fares from *next spring.*

Tilbury chosen as HQ for PLA

By Ian Hargreaves, Shipping Correspondent

THE PORT of London Authority is to move its headquarters from the docklands in East London to its container port at Tilbury, Essex.

This move, which will take place in stages in the next two and a half years, reflects the view of PLA management that its future lies in the Tilbury operation rather than in the under-used Upper Docks.

Sir John Cuckney, the PLA chairman, has made his view clear that the upper docks should be closed in whole or part, freeing the authority to build a viable future based on Tilbury and its other riverside interests.

But the Government has vetoed closures and union-management talks are now in progress on reducing employment by over one-quarter at the up-river docks.

The first people to be affected by the decision to move the headquarters will be the 50 senior staff who occupy rented offices in the World Trade Centre, between the City of London and docklands

They will move initially to nearby PLA-owned premises in the former London Docks, now closed to shipping. Less senior staff displaced from these premises will move further down-river towards Tilbury.

Ultimately, the PLA plans to house all its central staff in a building to be constructed at Tilbury.

Part of this building will be let to people who now suffer from shortage of suitable accommodation within the container port.

By leaving rented offices in the trade centre, the authority calculates that it will save itself about £1m over the transition period. The PLA lost £4.7m in the first half of this year.

Datsun UK will fight restriction on car imports

BY KENNETH GOODING

DATSUN UK, the privately-owned importer, is refusing to take part any longer in the voluntary scheme to restrict the Japanese share of the British car market.

As a first step it has told its dealers they may sell as many cars as they have in stock.

In an outspoken attack on the latest measurs agreed between the UK and Japanese authorities, which will result in a severe cut in shipments from Japan this month, Datsun UK said it hoped to "nullify the aim of the Department of Trade to reduce the Japanese market share in Britain regardless of the share taken by other importers."

The company hoped its action would "help destroy the attempt to get indirect quotas [on Japanese cars] in total disregard of all international agreements."

It is not clear what effect this removal of restrictions will have. Stocks at the dealers are cer*tainly low. At the weekend Mr.* Peter Fletcher, chairman of the Datsun Dealers' Association, maintained the dealers could sell out before the end of October if they did not put an artificial brake on sales.

But just how many cars Datsun UK has in stock has not *been revealed.*

Datsun UK revealed that as recently as a week ago it told Mr. Edmund Dell, Trade Secretary, of a voluntary commitment to restrict sales by its dealers in the final quarter of 1978 so that the Japanese share of the market would not be above the *level of 1977* by the end of the year. Datsun UK also undertook to approach Toyota and other Japanese car importers to seek their co-operation.

Mr. Maxwell Boyd, a director of Datsun UK, said yesterday that if Mr. Dell had waited until the end of the year he would have found Datsun's sales held at 98,000 cars.

This would represent 6 per cent of the expected total of 1.6m cars to be sold in the UK in 1978 and would compare with Datsun's 6.2 per cent market penetration in 1977 when it sold 82,000 cars.

"If Mr. Dell had waited he would also have found that total Japanese shipments in 1978 would not have risen on the 1977 level, and that the Japanese had kept to the undertaking on shipments given early this year," he added.

Controls on mortgages stay in force

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CONTROLS ON mortgage lending are to stay in force following discussions yesterday between the Government and the building societies.

The restrictions on lending were first introduced in spring when Government Ministers became worried about the prospects of sharply rising house prices.

The move was opposed by many building societies who said that house prices had to be allowed to rise after four stable years and that the Government's scheme would only create pressures which would eventually force prices even higher than Ministers feared.

For the past few months, the movement has been limited to lending a maximum £640m a month for house purchase, a figure which, in the event, has not been reached because some societies have been unable to attract sufficient funds to meet their quotas.

There have, however, been no controls on lending on items such as *home improvement. Advances* for improvement and modernisation are now running at over £100m a month against £40m at the start of the year, reflecting the position of the stronger societies who have run up against the lending limits on house purchase.

Although there is evidence to suggest that house prices generally have stabilised in the last two or three months, with growing numbers of houses on the market, there remains considerable uncertainty about the outlook.

Ministers are clearly not prepared, however, to risk setting off a period of *sharp* price increases by lifting all lending restrictions.

It already seems apparent, however, that average prices this year will have risen by as much as 20 per cent against 8 per cent in 1977.

Societies are beginning to wit*ness a substantial improvement* in net receipts and the Government does not yet feel able to sanction any higher lending levels which the societies might contemplate.

For the time being, the societies are ready to continue to comply with the Government's request, though opposition is likely to increase the longer the controls go on, especially if the movement is able and wishes to push lending higher to help meet the huge demand for loans.

Phone bill errors 'caused by clerks'

By John Lloyd

*Businessmen are being over*charged on telephone bills because of human error in the Post Office, according to Mr. Alan Rich, a cost consultant.

The mistakes were made by clerks handling computerised data, and could involve very large sums—though in general, the Post Office was efficient in its billing.

Mr. Rich, manager of the National Utility Service's communications division, said that NUS detected "major errors in billing every week."

Most ranged between £1,000 and £2,000, but some exceeded £12,000 and in one case was greater than £20,000.

NUS provides a service to phone and energy users aimed at cutting costs. It claims to save its UK clients more than £6m a year.

Plastics producers in big drive to push up prices

BY SUE CAMERON

PLASTICS PRODUCERS have begun a major push to put up prices—and this time there seems to be some confidence in the industry that it will be able to make them stick.

The latest moves in the industry's year-long running battle against rock-bottom prices for low density polyethylene, polyvinyl chloride, high density polyethylene, and polypropylene were begun by the U.S.-based Dow Chemical. Dow put up the price of low density polyethylene at the beginning of the month and has now been followed by Imperial Chemical Industries and by Shell Chemicals.

The price for the cheapest grade of low density polytheylene has been increased by about 10 per cent and now stands at £340 a tonne. But both Shell Chemicalls and ICI say a further increase will be necessary before they reach break-even point on costs. ICI estimates its break-even point at about £365 a tonne for LPDE.

Low density polyethylene has been described as being the least healthy of the five major commodity plastics but moves are also being made in the polypropylene field.

Montedison, the partly state-owned Italian chemical company, has put up the price of polypropylene by about 10 per cent—the percentage increase differs slightly from one grade of polypropylene to another.

Yesterday ICI said it would like to see price rises in plastics across the board adding that it welcomed any initiative in increases.

The company said that until made in the plastics field there would be no opportunities for re-inevstment. It added that when investments were made they would not necessarily be in new plants—there is currently considerable over-capacity

GLC go-ahead for £50m Hammersmith project

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

MR. SANDY SANFORD, chairman of the Greater London Council's central area planning committee, gave the go-ahead yesterday for a £50m property development in Hammersmith.

In spite of intensive local opposition, the GLC has approved Hammersmith Council's plans for a bus and Underground interchange at Hammersmith.

The scheme includes sufficient office space to finance privately a new bus station, car park, shops, public houses and leisure facilities, including an ice rink. The six-acre site is now occupied by a pre-World War I bus depot and Hammersmith Broadway tube station.

Store group tests computer check-outs

By Paul Taylor

INTERNATIONAL STORES is to spend about £333,000 on a one-year project to evaluate competing computer check-out systems at two of its superstores.

Both computer systems aim to improve service at check-outs and the flow of goods to supermarket shelves as well as providing comprehensive information for store managers.

The first system, based on an IBM mini-computer, goes into operation on Monday at Inter*national's seventh superstore* at Folkestone, Kent. The second system is based on an improved NCR 255 computer already installed at the Weymouth superstore.

The evaluation project could result in International choosing one of the systems for the 20 superstores it plans to open within the next two years.

Although other supermarket chains have installed computers in some of their stores, International claims this is the first time two competing systems have been fully compared, and says it could place the company in the forefront of store computer technology.

Both systems can be converted to incorporate laser bar code readers which could revolutionise check-out systems by doing away with pricing individual items.

The IBM system will initially be programmed with details of 1,750 items. This will steadily be increased to cover most of the 20,000 items stocked at any one time.

Reaction

The main advantage for the customer will be an itemised till receipt containing details of purchases and price. Each checkout is linked to a store terminal which will display information on a screen in front of the customer and store information for the supermarket management in response to the check-out operators' keyboard.

The final aim of the system is to code all items, but International will first test three alternatives; items with only a code, items coded and priced, and items with only a price. Customers' reaction to the system will be monitored.

The second system based on the NCR 255 computer, which has been operating with visual display units for between 50 and 100 items since the store in Weymouth, Dorset, opened in June, is to be upgraded early next year for direct comparisons with the IBM system.

The main difference between the two systems is the way they *operate*. The IBM system is based on a mini-computer capable of limited functions linked by land line to a main computer which produces most of the management information.

The NCR system features a computer capable of providing management information on site through visual display units or read-out.

Poor transport links in Wales cause problems

BY ROBIN REEVES, WELSH CORRESPONDENT

STRONG CONCERN over the continuing inadequate transport links between North and South Wales was expressed by Mr. C. C. Ricketts, chairman of the Welsh Transport Users' Consultative Committee, in Cardiff yesterday.

Presenting a report on North-South Wales communication, Mr. Ricketts said that the focus of Government and industry in Wales was becoming increasingly concentrated in Cardiff—a trend which was bound to grow, particularly if devolution came about.

But there was increasing concern in North Wales among businessmen and local government officials that, with present *transport* links, Cardiff remained virtually inaccessible.

It was still very difficult to travel to Cardiff and back from North Wales in a day, other than by the new Air Wales link from Hawarden, which had limited carrying capacity and was considerably more expensive.

The committee recommends in its report the introduction of a new train service, leaving Chester at 08.25 and arriving in Cardiff at 1.28, via Shrewsbury and Abergavenny. The new return train would leave Cardiff at 16.30 and arrive back in Chester at 19.42. Such a train would fit in conveniently with other services, notably along the North Wales coast.

Mr. Ricketts admitted the committee had little idea how many people would take advantage of such a service. It did not have the resources to commission a detailed investigation itself and the Welsh Office had turned down a request for research funds.

However, the committee had been advised by British Rail that it would cost an extra £170,000 to introduce such a train and that the extra revenue it might attract would be only £10,000.

The report notes that the Government has firmly ruled out any increase in the Public Service Obligation grant for the *time being. Nevertheless, it urges* the new link to be kept in mind for attention as opportunities and finance permit.

The report also gives the committee's backing to discussions taking place between Clwyd Council and British Rail on the provision of a minibus link between Flint railway station and Harwarden airport for the daily air service to and from Cardiff. This should enable travellers from Bangor, North Wales, to leave on the 06.30 Holyhead-Euston train and be in Cardiff by 10.00 am.

Hazards of ammonia transport studied

BY SUE CAMERON

IMPERIAL CHEMICAL Industries has taken the initiative in setting up a $1m Anglo-American study on the hazards of transporting ammonia.

The study, which is being supported by manufacturers and government agencies, is expected to be complete by the middle of next year. Researchers will look at the way in which ammonia gas disperses after a tanker crashes or a ship carrying it is holed.

Findings of the study will be used to see if any changes need to be made in transportation methods to improve safety standards.

ICI, which says its initiative is part of its continuing safety programme, has contributed $100,000 so far to the research and may well bear an even higher share of the cost. It was originally thought the study would cost about $400,000 at which point ICI offered to pay 25 per cent.

Altogether about 40 ammonia producers will help finance the study which will be carried out in America by Arthur D. Little, a research concern. The study will be co-ordinated by the U.S. Fertiliser Institute. Tests will be conducted at the U.S. Naval Weapons Centre at China Lake, California.

There have been no *major* ammonia spillages in the UK in recent years although there have been a number of incidents in the U.S., most of them involving chemical transported by rail.

The UK threshold limit value for ammonia is 25 parts per mil*lion of air—the level at which* people can work safely with the substance. Anyone taking in levels of 1,000 parts of ammonia per million of air—or more—would suffocate.

The question is the speed at which a cloud of escaped ammonia gas would disperse. It has been suggested that it would disperse only slowly and that if a tanker crashed and its load escaped, the lives of everyone in the vicinity would be in danger for some time. But other evidence suggests that an ammonia cloud would disperse in a matter of minutes posing a hazard for only a very brief period.

Butlins buys Grand Hotel, Scarborough

BUTLIN'S, the holiday camp group, has bought the early-Victorian 210-bedroom Grand Hotel, Scarborough.

Butlin's already runs the Cliftonville Hotel in Margate, the Blackpool Metropole, and the Ocean Hotel in Brighton.

Pye deal could be worth over £100m

BY JOHN LLOYD

PYE HAS been awarded a design and development contract for a new comunications system aimed at the small and medium business market.

The initial contract is thought to be worth around £500,000, but the market for the system, once developed, will be over £100m.

The project, known as the Small Business System, will be designed to meet a variety of needs within one system, which can be expanded as the customer's requirements grow.

Modular design will be based on the addition or subtraction of circuits, and the system is built up on a shelf of 12 boards, including the central control.

Additional lines and extensions are obtained by simply increasing the number of shelves, each with a capacity of 12 boards. Each board provides two external lines or four extensions.

Digital type

The system is fully electronic, and is of the advanced, digital type, which is both faster and more flexible than the present analogue equipment.

Facilities available include: hold and automatic transfer of calls; conference calls; call diversion with secretarial override and direct station selection.

Pye says that "a very substantial annual requirement" is wanted by the Post Office, and that export markets could also be extensive.

The system is based on Pye's design of microprocessors, using MOS-LSI (metal oxide silicon—large-scale integration) technology.

Trial models for Post Office evaluation are scheduled for delivery early in 1979, and the development contract is concluded at the end of that year.

Oil pollution disaster simulated

FINANCIAL TIMES REPORTER

THE ROYAL NAVY and the Department of Trade yesterday simulated a new Amoco Cadiz disaster—with the "explosion" of a damaged supertanker off Berry Head, near Torquay.

The exercise—named Janplan V—was planned before the Liberian-registered, American-owned oil tanker was grounded off the French coast last March.

Yesterday the Royal Fleet auxiliary Pearleaf, took the role of a 250,000-ton supertanker nicknamed Oily Pool in the exercise.

The exercise was based on a collision between the supertanker and a liquid petroleum gas carrier north of the Channel Islands, in which the LPG ship sank or exploded.

The supertanker made her way to Lyme Bay, Dorset, to offload some of her oil and then anchored off Berry Head. Shortly after 9 am she "exploded"—pumping out 20,000 tons of oil, according to the exercise plan, with pollution of the coastline stretching from Torquay to a point 10 miles from Exmouth.

Of her crew of 35—three of whom were women—all but two were "seriously injured" and were "rescued" by RAF Sea King helicopter and the Brixham lifeboat.

In accordance with the "worst case" projected by the exercise planners, the Sea King made a simulated crash on her second trip to Torquay General hospital.

Department of Trade tugs and Navy and RAF ships were meanwhile trying to "contain" the oil pollution.

Renewed call for ban on shop sales of fireworks

BY MAURICE SAMUELSON

AS BRITAIN'S shops stock up with an estimated 150m fireworks, there has been a new call for a complete ban on shop sales.

The National Campaign for Firework Reform said yesterday that fireworks should only be available from gunshops and other restricted outlets and that they should be sold only to licensed people aged 18 and over.

The call was prompted by last year's 62 per cent. increase in street injuries caused by fireworks.

Mr. Noel Tobin, the campaign's director, said 733 children aged between five and 12 had been taken to hospital.

This had shown the inadequacy of legislation passed two years ago, raising the purchase age from 13 to 16 and setting fines of up to £200 for selling fireworks to under-16s and discharging them in the street.

He attributed Britain's injury rate to the fact that UK fireworks legislation was the weakest in the world.

Mr. Derrick Worthington, president of the Fireworks Manufacturers' Guild, challenged Mr. Tobin's interpretation of the injury figures.

The 733 injuries, he said, were the second lowest on record. Most were for only minor injuries and only one in 10 was detained in hospital. He also questioned the amount of public support for such drastic reforms.

Mr. Worthington also emphasised the safety measures taken by the industry. Since 1975, production of "bangers" had been halved, squib-type fireworks were "nearly extinct" and small fireworks could no longer be sold loose.

As a result, about 80 per cent were sold in packages. It was also understood that shopkeepers would not sell fireworks until three weeks before Guy Fawkes' night.

Mr. Tobin remained sceptical, however, suggesting that manufacturers had amassed a stockpile of bangers and doubting whether they would adhere to the three weeks arrangement.

Mr. Tobin an the manufacturers agree however that there has been a marked growth in organised firework displays. In the past two years, Pains-Wessex and Brocks have switched over entirely to the display market and dropped out of retail supply.

Hailing this as a big step towards greater safety, Mr. Tobin regretted that hte other major manufacturers, led by Standard Fireworks, of which Mr. Worthington is managing director, have not all folowed suit.

However, Pains-Wessex said that it moved over to the display market for purely economic reasons and there was still room for retail supply.

Institution formed for technicians

Financial Times Reporter

A NEW independent institution for Britain's estimated 100,000 technician engineers and technicians was launched yesterday with the aim of providing professional recognition for people employed in industry and the public service.

Called the Institution of Technician Engineers in Mechanical Engineering, and backed by the Institution of Mechanical Engineers, it hopes to raise the status of qualified technicians by laying down standards.

The minimum qualifications will be the existing Higher National Certificate and the Higher National Diploma. Both ceased to be recognised by IME eight years ago when it placed a university-degree level as its minimum qualification.

The idea for a new institution followed a survey of 70 companies and organisations throughout Britain which suggested that nearly 24,000 technician engineers and technicians in mechanical engineering would be interested in joing such a body.

In the next six year the institution hopes to have about 10,000 members and to have repaid a loan from IME, estimated to be in five figures.

The institution will be run by a 21-member council of technician engineers representing seven regions. Its president is Mr. Paul Fletcher, former president of IME, and its chairman Mr. Stephen Cowling from Perkins Engines.

European money system vital for UK—Jenkins

FINANCIAL TIMES REPORTER

MR. ROY JENKINS, president of the European Commission, warned last night that it would be a major error if Britain did not participate fully in the planned European monetary system, due to be adopted in the New Year.

If Britain were not a full partner in the enterprise, the country would be left "in the continuing limbo of second-class status," he told the Manchester Chamber of Commerce and Industry.

A day earlier the Labour Party Conference had called overwhelmingly on the Government to have nothing to do with the new scheme for linking the exchange rates of EEC and other European currencies.

Mr. Jenkins said the proposed scheme could provide the overall economic environment in which those concerned with industrial and commercial policy, and above all with investment, will see a period of exchange rate stability. This stability would enable them to take the longer term decisions that had so far been damagingly lacking.

It was equally important to open up a real common market for publicly purchased industrial goods in growth sectors. "It is important that in telecommunications, computers, aircraft, or power station technology we should produce with a European rather than a national market in view," said Mr. Jenkins.

Third, he reassured his audience that the Commission would apply stricter criteria to harmonisation proposals and would not operate under the slogan: "If it moves, harmonise it."

"We shall look closely to see whether such proposals will promote trade within the Community and will positively strengthen the foundations for economic and monetary union."

The Commission would ask itself with greater determination than in the past whether the proposals were really necessary and whether the Community could do the job better than member States.

Airline places order for two more 747s

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS has ordered two more Boeing 747 Jumbo jet airliners, worth about £70m, including spares, using a higher-thrust version of the Rolls-Royce RB-211 engine.

The two aircraft will be delivered in the spring of 1980, and will bring the airline's fleet of long-range Rolls-Royce-powered 747s to 10 aircraft. Further purchases of 747s are envisaged, and the airline expects by the mid-1980s to have as many as 40 Jumbo jets in its fleet.

The latest version of the RB-211 engine which the airline is buying is the 524C, with a take-off thrust of 51,500 lb, compared with the 50,000 lb thrust of the existing 524B RB-211s in service.

This greater power will enable the airline to operate its Jumbo jets at a higher maximum all-up weight of 820,000 lb, giving greater range and bigger payloads.

Further and more powerful versions of the RB-211 engine are under development, including the 524D with a take-off thrust of 53,000 lb, which will be available for service in 1981, and the 524G, with a take-off thrust of 55,000 lb, both of which will enable even greater ranges and payloads to be achieved.

Builders' chief urges review of land tax

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

AN URGENT review of the Development Land Tax Act was called for yesterday by Mr. Colin Shepherd, president of the House-Builders' Federation.

He told the federation's South Wales region at Cowbridge that there were "fundamental inequities" in the structure of the tax which required immediate reform.

In particular need of change, he claimed, were the deemed disposal arrangements by which a builder could face DLT liability even though the development as a whole failed to show a profit.

Mr. Shepherd criticised the way in which the land element of a house builder's business was taxed separately from his profits as a whole.

"By whatever method this is done, it would be bound to represent a unique form of discrimination aganst gains in the value of the stock in trade of a particular industry."

The system of assessing tax liabilities at the start of development, he said, was particularly inequitable as they were assessed on district valuers' valuations.

"The district valuer cannot possibly know all the circumstances of the particular land and development being undertaken, with the result that the notional open market value that he puts upon the land for DLT purposes may be far in excess of the real or residual value of the land to the builder undertaking the development."

"Furthermore, the assessment is made prior to the realisation of any profit and it is possible as a result of this method for tax to become payable even though no profit is made on a scheme."

Mr. Shepherd also commented on other aspects of DLT which, he suggested, "showed signs of being hurriedly formulated and which now require revision."

He wanted changes in the reckonable date," from which interest must be paid on unpaid DLT, and he called for an end to the plethora of notices and inquiry forms issued by the DLT offices, many of which duplicated information.

Sales rise for plant hirers

SALES OF 60 of the leading construction plant hirers in the UK rose by 38.9 per cent over the three years to April, last year, but the rate of sales growth declined slightly in the second half of this period.

Sales in the second year under review rose by 19.3 per cent but in the third year by only 16.4 per cent, says a business ratio report by Inter Company Comparisons, a group which bases its reports mainly upon company reports.

"Plant hire has been a difficult industry in the past three years," the report concludes.

Business Ratio Report on Plant Hire, ICC Business Ratios, 81, City Road, London, EC1, £44.

HOME CONTRACTS

£2m orders for Elliott

Two orders, worth a total of nearly £2m for multi-stage compressors for the oil and chemical industries have been received by ELLIOTT TURBOMACHINERY, Knightsbridge, London. They will be manufactured at the company's plant in Cowes, Isle of Wight. The order is for two motor and gear driven compressors for the Shell Fulmar platform in the North Sea. The contractor is McDermott Hudson. The other order, from Petrocarbon Developments, is for a multistage compressor to be used for propylene refrigeration in Bydgoszcz in Poland by Polimex Cekop.

★

PYE TVT, the Cambridge-based broadcast company of Philips, will supply $1.5m worth of new equipment to Bushnell Communications, Canada, under a contract placed with Philips, Toronto. Pye TVT has also received an order for colour cameras valued at about £250,000 from Thames Television.

★

MARCONI COMMUNICATION SYSTEMS, a GEC-Marconi Electronics company, is to supply troposcatter link and line-of-sight radio equipment to the Dubai National Gas Company. The contract, valued at around £525,000 is for equipment that will be used to establish and maintain communications from the mainland to platforms in the Gulf.

F. E. BEAUMONT has been awarded a contract by NEI International Combustion valued at over £100,000 for the supply of a 67m high Multiflue chimney to be erected at ICI Wilton works.

★

Work has started on two advance factories for the Department of Industry at Carnaby Industrial Estate, Bridlington, Humberside, under a contract, worth over £165,000, awarded to QUIBELL AND SON (HULL).

★

An advance factory for the Development Commission at Goonhavern, near Newquay, is being built under a contract, worth about £83,600, awarded to C. E. CHRISTIAN, of Newquay.

★

A contract worth nearly £200,000 to supply and install a computer room air conditioning system for Scicon International at Jeddah has been won by PRECISION AIR CONTROL, the design and contracting company of Eaton-Williams Group, Edenbridge, Kent.

★

GENERAL TELEPHONE AND ELECTRONICS CORPORATION has been awarded a contract worth $4.5m to supply digital PABXs (private automatic branch exchanges) to two Danish telephone companies. The contracts were awarded jointly by Jydsk Telefon-Aktieselskab (JTAS) and Fyns Kommunale Telefonselskab (FKT).

Selfridges may open Disney World store

BY ARTHUR SANDLES

SELFRIDGES, London's biggest department store and part of Sir Charles Clore's Sears Holdings group, is in an advanced stage of negotiations for the opening of a branch in Disney World, the $700m leisure complex in Orlando, Florida. The store is one of a group of British concerns including British Rail and Bass Charrington, which is hoping to settle contractual details.

Disney World covers 27,000 acres and is the world's largest theme park. It had 14m visitors last year and plans to extend the massive project with several national pavilions in a World Showcase.

The British pavilion is likely to open in the early 80s, if present negotiations are completed. It will include a pub jointly operated by Bass Charrington and Guinness, a British Rail 125 train which will make simulated trips around the British countryside and a reconstruction of St. Pancras railway station. W. H. Smith has been approached and is considering running a bookshop with London's newspapers "flown in daily by Concorde." British Airways is also involved.

The British Tourist Authority may be closely involved with films in a 180-degree cinema. Among other likely participants are Dunbee Combex Marx, which may run a toy shop, Heraldic Promotions and Associated Biscuits. The companies involved are in varying stages of negotiation.

Although nothing has been signed yet, Selfridges said last night: "We sincerely hope we will be there. We are all for it."

It has been known for some time that Disney has been seeking British support for a pavilion in World Showcase. Marks and Spencer and Debenhams were among companies with whom the American leisure major initially discussed its ideas.

Cunard, Thomas Cook and Royal Doulton have also been involved in talks.

Disney has been faced with the problem that while American companies have been eager to sink considerable funds into Disney World almost on a public relations basis, foreign companies have taken a more hard-nosed view of the exercise. They have looked for high returns as well as major capital contributions from Disney. Selfridges says its own capital involvement will be relatively small.

The new extension to Disney World will consist of a large lake, around which international pavilions will be grouped like villages. West Germany, Japan to the plan.

Home building starts at lowest level for six months

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

WORK was started in August on fewer new houses than in any of the previous six months, according to figures published yesterday.

The Department of the Environment said that contractors started work on only 8,300 council homes during the month against 10,300 in the previous month and 11,600 a year earlier.

Private housing starts reached only 11,900 against 13,300 in July, although the total did represent an increase of 1,500 on August 1977. Starts in public and private sectors were at their lowest level since February when the building industry managed to begin only 12,200 homes.

According to the department, housing starts between June and August were 3 per cent down on the previous quarter and 4 per cent lower than in the same period last year.

During August, builders managed to complete only 9,800 council homes against 12,000 in the previous month and 13,700 a yfear earlier. There were 11,100 private houses completed, a fall of 1,000 from July but a rise of 700 against August 1977. The 20,900 combined completions were also the lowest number since February.

Total housing completions from June to August were 2 per cent lower than in the preceeding three months and 8 per cent lower than a year earlier.

Last week, the House Builders' Federation warned that the industry could be heading for a new recession next year, sparked off by a slump in activity in the private housing sector.

This year, a start on about 155,000 private sector homes is expected, but the builders say this could fall to the poor 1977 level of 135,000 because of continuing restrictions on mortgages.

Council housing starts this year are expected to reach fewer than 125,000 against 132,000 in 1977.

James Capel again tops stockbrokers' table

BY MARTIN TAYLOR

JAMES CAPEL and Hoare, Govett, equal first in last year's league table of stockbrokers' research produced by Continental Illinois, the U.S. banking group, take first and second place respectively in 1978, with Kemp-Gee, second equal for the past two years, coming third.

The firms are listed according to the frequency with which their analysts appear in the first three places of the rankings by individual investment sector.

STOCKBROKERS "LEAGUE TABLE"

Firm	Ranking 1978	1977	1976	1975
James Capel	1	=1	3	=6
Hoare, Govett	2	=1	=2	2
Kemp-Gee	3	=2	=2	=5
Wood Mackenzie	4	=2	1	1
Greenwell	5	3	=2	3
de Zoete & Bevan	=6	4	4	—
Phillips & Drew	=6	—	6	=6
Rowe & Pitman, Hurst-Brown	=6	5	5	—

These rankings represent the collated views of investment managers from insurance companies, pension funds, investment trusts and merchant banks based on the depth of knowledge shown by analysts, the quality of their written material, the frequency of follow-up, both written and verbal, and the success and accuracy of the analysts' recommendations and forecasts.

Continental Illinois draws attention to star analysts who received more than three times as many votes from investment managers as the analyst ranked second in their sector.

These were Michael Sperring and Michael Styles of Kemp-Gee in the electronics, radio and TV sector, Stuart Wamsley of Hedderwick Sterling Grumbar for chemicals, Tony Mackintosh of Wood Mackenzie for oils and Bernard Lardner of Laing and Cruickshank on merchant banks.

Continental Illinois notes that the two brokers at the head of the league are both houses providing wide research coverage, while Kemp-Gee had the highest proportion of analysts in the number one position in their sectors, reflecting their emphasis on high quality research in a more limited number of sectors of the market.

Similarly, Wood Mackenzie, in fourth place, had as many first positions as James Capel but fewer analysts ranked second and third.

"In general, however, these results demonstrate that there has been no basic change in the source of most investment research used by the institutions," the bank concludes.

Among analysts who improved their position sharply over 1977 were Bill Seward of Phillips and Drew who moved to first place in household goods from fourth last year, while also coming first in motors.

Four analysts moved up to third place from seventh in their respective sectors: Mike Geering of James Capel in distillers, Max Dolding of Vickers da Costa in hotels, catering and entertainment, David Lang of Henderson Crosthwaite in food manufacturing and Mike Coulson of Messel in golds. Gilt-edged market analysis is still easily dominated by the teams from Greenwell and Phillips and Drew, with Tim Congdon of Messel moving into third place.

Nairn hopes to lead market with new floor cover process

BY RAY PERMAN, SCOTTISH CORRESPONDENT

NAIRN FLOORS, the Kirkcaldy-based Unilever subsidiary, will introduce a new process it believes will give it a big lead in the market for cushion-vinyl floor covering.

Nairn claims more than 40 per cent of UK sales, worth around £30m a year, and exports half of its production.

A new machine will enable the company to use glass fibre as a base for the floor covering, rather than the traditional asbestos.

While this is not new in itself, Nairn believes that the way it intends to use the glass fibre is revolutionary.

The industry has been moving away from asbestos, which is expensive and has been branded as a health risk, particularly in Sweden, where it is banned.

The Nairn process will integrate the glass fibre with the vinyl, instead of putting one on top of the other, making the finished product less liable to crease and curl while it is being laid, and more resilient to knocks.

The company plans to make only 2 m wide floor covering in this way initially. But Nairn is building a £14m factory to produce 4 m wide vinyl which is becoming increasingly popular, particularly in Europe.

The wider material also saves waste and labour costs. The new factory should be completed by next April.

£7.5m refurbishing for hotels

BY ARTHUR SANDLES

THISTLE HOTELS, a division of Scottish and Newcastle Breweries, is to spend about £7.5m on refurbishing its hotels. This follows the recent acquisitions of the Lowndes, Cadogan and Kensington Palace Hotels in London and the Golden Valley Hotel in Cheltenham.

The largest expenditure will be about £2.4m on upgrading of the Kensington Palace Hotel, between Kensington High Street and the Albert Hall. A further £1.4m is being spent on enlarging the bedroom and conference capacity of the Gosforth Park Hotel, Newcastle.

Derby develops Alfreton town

DERBYSHIRE County Council will build a new community near Alfreton which will eventually provide homes for 3,500 people. Development of Broadmeadows, a housing project in the area, will be carried out by Arncliffe Super Homes, of Leeds, after completion of successful negotiations.

Under the contract, worth nearly £1m, Arncliffe will buy more than 70 acres for housing to complement industrial development at Alfreton. Contracts will be signed on October 12 at Matlock.

UK paper and board output rises 6%

BY MAX WILKINSON

OUTPUT FROM the UK paper and board industry improved by 6 per cent during July compared with the same period last year.

However, the latest figures from the Paper and Board Industry Federation show that the cumulative total for all types of paper and board production in the first seven months of the year was 1.3 per cent behind the total for the same period last year.

The figures show a general recovery in the industry since the early part of the year when production was substantially behind last year's levels.

The only products to show an increased output so far this year are the high quality printing and writing papers and boards (up 4 per cent) and wrapping and packaging papers (up 1.6 per cent).

Production of the lower grade boards were down about 6 per cent.

This reflects partly the low level of industrial demand in the UK, but also the continuing competition from exports in a range of products where large mills in Scandinavia and on the Continent tend to have spare capacity and the advantage of economies of scale.

International comparisons show that the UK industry is slipping compared with European competitors as well as the major producing countries.

In the period January to July, when the UK output slipped by 1.3 per cent to a total of 2.4m tonnes, all other countries except Norway increased production. Norway's output was reduced by 4.2 per cent. The increase for other countries was: Canada, 14 per cent; U.S., 3.4 per cent; West Germany, 2.5 per cent; France, 2.3 per cent; Finland, 13.7 per cent.

The UK industry federation has expressed concern about the Government subsidies available to foreign competitors which are not available to UK producers.

However, it is expected that figures for August and last month will show an improved performance which should put the cumulative total back up to last year's level. By the end of the year the UK mills should be running at a considerably higher rate than they were at the same time last year.

Player to launch £800,000 promotion

BY PAUL TAYLOR

JOHN PLAYER is to launch a consumer competition expected to cost about £800,000 later this month in an effort to consolidate its market position in king-size cigarette brands.

The promotion, linked to the company's three king-size brands, reflects the intensely competitive nature of the market at present.

Imperial Tobacco, which owns John Player and W. D. and H. O. Wills brands, appears to have emerged sucessfully from the price-cutting war launched by BAT Industries with its State Express brand earlier this year.

Imperial's share of the market through its two subsidiaries slumped at one stage during the summer to about 54 per cent, down from 62 per cent a year ago as a result of the BAT campaign.

However, BAT prices have now been increased bringing the State Express 555 brand more into line with other king size brands and Imperial claims to have regained much of its market share.

The "spot cash" competition, with prizes up to £5,000, will run until March 31 and is aimed at re-establishing Imperial and John Player, as the market leaders.

Hospital outfitters start work under new name

BY ROBIN REEVES

A SOUTH Wales company making hospital equipment has been relaunched, after being closed for six months, with the help of the Welsh Development Agency and two other investment institutions.

A. C. Daniels, part of the G. D. Searle pharmaceutical group, was closed last April with the loss of 40 jobs. But a new company, Trevillton, has been formed to resume the business of making hospital trolleys, ward screens, examination couches and drug cupboards.

The agency—the Welsh equivalent of the National Enterprise Board—has agreed to back the venture with an investment of £25,000 in 25 per cent of the equity, plus a £15,000 secured loan. Gresham Trust and the Industrial and Commercial Finance Corporation are also each subscribing to 25 per cent of the Trevillton shares.

The relaunch is the brainchild of Mr. Robin Kent, who also has a 25 per cent stake in the business. As operations manager with Searle, he was responsible for closing the A. C. Daniels operation, but, in the process, became convinced it could be made to operate successfully.

£400,000 work on rivers

MORE THAN £400,000 of maintenance work—from clearing weeds to repairing banks—is to be carried out on London's small rivers and streams by the Greater London Council over the next six months.

Work costing a similar amount has already been carried out or started since April as part of the council's programme to ensure the unobstructed flow of the Thames and its tributaries.

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As someone paying full economy fare to the U.S.A., you'll agree it's time airlines offered you a better deal.

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As part of our Elizabethan Service, you'll enjoy a menu based on authentic Tudor dishes. Similar to those served in the Royal residences and Noble houses of Elizabeth I's day.

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'Capon puddynge after Mistress Duffeld's way; cutlet of lambe Oatlands, buttered lima beans with carets and roasted potato; spiced pear Lady Norris; comfits; posset Sir Francis.'

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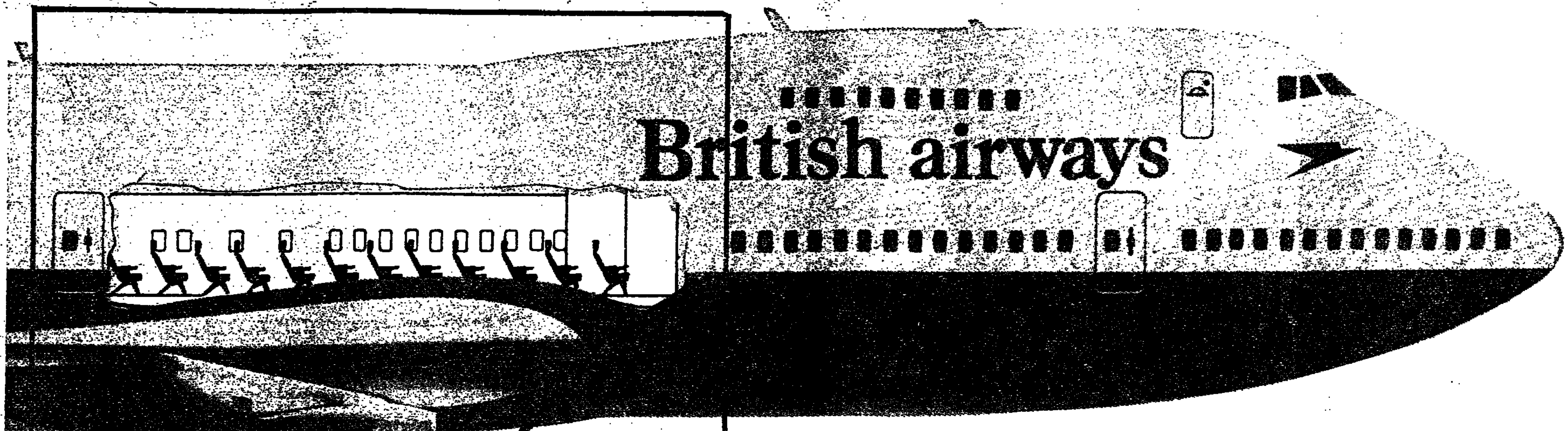

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LABOUR AT BLACKPOOL

Reports by John Hunt, Ivor Owen, Elinor Goodman, and Philip Rawstorne. Pictures by Terry Kirk.

State-ownership of North Sea oil should be our goal, says Benn

STATE OWNERSHIP of North Sea oil, with the multinational companies having the role of contractors instead of concessionaires, was envisaged by Mr. Anthony Wedgwood Benn, the Energy Secretary.

He accepted, on behalf of the NEC, the objective of full public ownership in the North Sea and endorsed Conference's decision earlier in the week that BP and its subsidiaries should be brought under full public control.

Mr. Benn yesterday described the present relationship between the Government and BP, which was brought into partial public ownership in 1914, as "unsatisfactory."

Delegates warmly applauded as he reaffirmed his determination to oppose EEC Commission proposals which would transfer control of Britain's energy policy from Westminster to Brussels.

He also made it clear that the Government would not be deterred by the Commission's view that the interest relief grants for the off-shore supply industry were in breach of the Rome Treaty.

"I have been warned over a period that we may be taken to the European Court," he said.

Control

Mr. Benn emphasised the importance of Conference in helping to supply the political will needed to carry through radical proposals, and was obviously delighted that the motion was unchallenged.

He described the use made of oil revenues as a central policy issue, and re-stated the Government's view that they should not be dissipated but used to regenerate British industry.

"Manufacturing industry is and will remain the foundation and the strength of this country long after the oil has run out.

"Conference is not prepared, and the Government is not prepared to see de-industrialisation taking place in this country masked by the temporary bonus of North Sea oil revenue.

"We must call a halt to the contraction and reduction of our manufacturing capacity in this country."

Mr. Benn said the North Sea oil revenues properly applied by a Labour Government with the full support of the trade union movement, was the best chance of developing Britain's industries and services, and preserving skills built up over generations.

attacked

The interest relief grants for the offshore supplies industry which were under attack by the EEC Commission had helped provide a large part of the 100,000 jobs in Scotland that came from North Sea oil.

"I will not accept that the Commission has the right to control our energy policy or that of any other community nation," he insisted amid cheers.

The Commission was also strongly attacked by Mr. Gavin Laird of the AUEW. "We must tell them to keep their hands off our energy resources," he declared.

Mr. Laird praised the Government for introducing the petroleum revenue tax but complained that the major oil companies were still receiving 25 per cent of the nation's oil wealth. "That is far too much."

Mr Hugh Scanlon, in probably his last speech to conference as president of the AUEW, joined with Mr. Benn in defending the decision to proceed with the nuclear waste re-processing plant at Windscale. He warned that if re-processing technology were not developed civil nuclear energy would be dead in 25 to 30 years because limited reserves of uranium would have then run out.

A resolution calling for the reversal of the decision to authorise the building of the Windscale plant was remitted to the NEC.

Mr. Benn speaking in the energy debate.

Delegates criticise police in law debate

BITTER CRITICISM of the police marked the debate on law and order and Mr. Merlyn Rees, the Home Secretary, was given a rough ride by many delegates.

There were derisive shouts when he insisted that the police were subject to the law in the same way as other citizens.

Such was the hostility to Mr. Rees, who spoke from the rostrum, that the platform called for a card vote when it seemed that a resolution advocating resolute action to combat vandalism might be defeated.

It was eventually carried by 4,411,000 votes to 2,069,000.

Mr. Rees bluntly told delegates to stop making generalised charges against the police and take up specific complaints through the proper channels so they could be fully investigated.

A succession of delegates protested that the party managers had made a big mistake in staging a law and order debate primarily to demonstrate that concern over crime was not the preserve of Conservative Party conferences.

Mr. Peter Ward, prospective Labour candidate for Shipley, argued that Labour should not seek to copy the Tories in baying for hanging and flogging.

Mr. Eric Heffer, MP for Liverpool Walton, who replied to the debate on behalf of the NEC, maintained that it was no use conference trying to pretend there was not real concern about muggings and other crimes.

Labour did not want to enlist in the hanging and flogging brigade, but it was important to counter Tory propaganda that the Labour Party really did not care about law and order.

Unanimous backing for move to end 'secret' government

A DEMAND for the urgent introduction of a Freedom of Information Act similar to the one in the U.S., received conference's unanimous backing.

Also approved were the party's National Executive Committee proposals for wide-ranging reforms of the House of Commons procedures and of the Civil Service.

Speaking on behalf of the NEC Mr. Eric Heffer, MP for Liverpool Walton, made it clear he and the other committee members would be putting heavy pressure on the Government to introduce a Freedom of Information Act in the new session of Parliament

Mr. Merlin Rees, the Home Secretary, has already produced a White Paper proposing limited reform of section 2 of the Official Secrets Act. This is the much-criticised "catch all" section which makes it an offence for government or public officials to divulge confidential information.

The resolution, proposed by Wimbledon Labour party and seconded by Stockport North, condemned the White Paper as "completely inadequate."

The motion demanded the rapid introduction of legislation, along the lines proposed in the National Executive document.

Government at national and local level, it said, should disclose all its workings and publish all internal documents unless such disclosure affected individual privacy, a court case or national security.

The NEC document outlined a draft Bill for a register listing all Government and public bodies. They would be under a legal obligation to make all records and documents available on request.

Speaking from the platform Mr. Heffer made a plea to Mr. Rees who was sitting in the hall. "There will be plenty of time in the next session for a Freedom of Information Act," he declared.

He reminded the Secretary of State that the last manifesto had said "Labour believes the process of government should be more open to the public. We shall replace the Official Secrets Act by a measure to put the burden on public authorities to justify withholding information."

Turning to civil service reform he described the Permanent Secretaries in Whitehall as "the permanent politicians of this country"—a description which drew applause.

"The time has come when we have to give each minister a political office with political civil servants as well," he went on.

A Freedom of Information Act was strongly supported by Mr. Christopher Price, MP for Lewisham West and a member of the National Union of Journalists. "The secrecy that we have in Britain is a cancer which acts against everything which this Labour movement wants to carry out," he said.

Mr. Norman Stagg, deputy general secretary of the Union of Post Office Workers, backed the Act but said he did not want to create another level of bureaucracy to administer it.

The NEC document on Commons reform, which was adopted overwhelmingly, proposes powerful legislative committees to consider government Bills and to call expert witnesses to testify. It also wants stronger select committees covering each government department, and calls for the Commons proceedings to be televised.

The NEC paper on civil service reform envisages each minister having his own private political office and having the right, on taking office, to confirm or remove the permanent secretary and other top civil servants in his department.

Lestor stops bid to revive vote row

A RENEWED bid to force a fresh vote on the compulsory re-selection of MPs by constituency parties petered out at the conference.

The issue, which provoked a major row on Wednesday, was raised again at the start of yesterday's session.

It was brought up by Basingstoke Labour Party delegate Mr. Terry Hunt, one of the protestors in the angry demonstration over the vote-muddle involving Mr. Hugh Scanlon's engineering union.

Mr. Hunt said: "I would like to ask you to clear up the misunderstanding and ill-feeling when the million votes were lost and denied the will of conference."

Mr. Hunt said it would be "relatively easy" for conference chairman Miss Joan Lestor to see whether delegates wanted the vote to be taken again.

But Miss Lestor replied: "I am not going to alter my ruling in any way at all—I stand by my ruling."

The row was sparked earlier in the week when Mr. Hugh Scanlon failed because of procedural confusion to cast the AUEW's 900,000 block vote in favour of compulsory re-selection of MPs. If he had done so, it would probably have tipped the vote against the National Executive's stand.

Today's agenda

Environment

Lucas Aerospace

Help for elderly and disabled

Call for more council building

A RESOLUTION calling for a big increase in council house building and opposing any cut in public investment in housing was approved almost unanimously by the conference.

It also demanded the gradual abolition of mortgage tax relief to owner occupiers who pay tax above the standard rate.

An urgent review of the lending policies of building societies was called for—a move aimed at getting the societies to provide more funds for buying older homes in inner city areas.

The resolution declared total opposition to council house sales in areas where waiting lists for council tenants were more than six months or in areas of housing stress.

The sale of council homes to tenants would be further limited by putting a legal obligation on local councils to maintain their housing stocks.

Mr. Frank Allaun, MP for Salford East, who takes over as Labour Party chairman at the end of the week, stressed that the party's national executive will be putting heavy pressure on the Government to operate the proposals.

"It must not be left on the shelf," he told delegates. "We expect the Government—and we will press the Government—to carry it it out.

"I say to the Cabinet, listen to the voice of the Labour Party, the NEC and the TUC, and you won't go far wrong."

He was winding up a debate in which delegates angrily attacked the policy of selling council houses and criticised the run-down of direct labour building departments by councils. There was also some hostility towards the building societies.

Mr. Allaun said Germany and France built more houses each year than Britain because they spent a greater proportion of their gross national product on housing.

He was applauded when he said that one way of finding more money to increase Britain's housing stocks would be to "slash our fantastic arms bill of £7bn a year."

Other methods of finding funds would be to devote a large part of our North Sea oil revenue to housing subsidies and introduce a wealth tax on incomes over £100,000.

"We are pressing for a massive house building and improvement programme. Don't let's fudge the issue. This means more public spending."

He warned that powerful forces wanted cuts not increases. They wanted to slash council house building and increase council house rents. They were all at it — Tory MPs, the Press, the IMF, the CBI, Treasury officials, and the Conservatives who controlled the town halls.

Moving the resolution for the Battersea South party Mr. Michael Ward said, "The case against mortgage tax relief is that the better off you are the higher the subsidy you get up to the limit of £25,000. The bigger the house you buy the greater the subsidy."

Seconding the motion Mrs. Gladys Ambler of Doncaster said: "The case against the sale of council houses is that it is socially unjust. It serves no useful purpose other than to provide for a select few."

Marjorie Bain, of Edinburgh, complained that building societies were not lending on older inner city properties.

"We should suggest that if they don't pull their finger out and lend money to our people then perhaps we should just nationalise them," she declared.

Callaghan—an object of affection

PRIME MINISTER Mr. James Callaghan found himself an object of affection on the conference platform.

The bonhomie overflowed after merit presentations to two of the Party's longest-serving workers.

Mr. Callaghan gave a warm kiss to 89-year-old Mrs. Rebecca Holbrook, from Sunnyside, Rotherham, a party member for 60 years, who is still actively involved with Labour.

Then came 88-year-old Walter Southgate, from Harold Park, Romford, Essex, a member for 72 years.

After snatching several kisses from conference chairman Miss Joan Lestor, Walter stepped up for a handshake and embrace with Mr. Callaghan and aimed a crafty mock kiss at him—to the delight of photographers.

Jobs warning over computer revolution

DELEGATES called on the Government to ensure that the development of micro-electronics leads to improved working conditions and not higher unemployment.

Conference backed a resolution pressing for more money to be allocated to the NEB to allow it to play a bigger role in expanding the manufacture of micro-processors and allied computer systems.

Mr. Alan Hadden, for the NEC, said the proper use of micro-electronics could bring a shorter working day, a shorter working week, longer holidays, and a shorter working life for all.

But if not handled in the right way unemployment might reach such high levels that it could endanger "the very fabric of society."

Mr. Doug Hoyle, Labour MP for Nelson and Colne and a member of ASTMS, said micro-electronics had brought Britain to the brink of another industrial revolution.

Society could benefit, but it should also be recognised that millions of workers — white collar as well as blue—could lose their jobs.

"The trade unions will not stand idly by and see their members sacrificed," said Mr. Hoyle.

Council accuses Mrs. Williams in Ripon school court case

A COUNCIL fighting to preserve a grammar school as a separate school in a comprehensive set-up was being pursued by Mrs. Shirley Williams, the Education Secretary, like a "reluctant suitor," a High Court judge in London was told yesterday.

North Yorkshire County Council is resisting a call by Mrs. Williams to submit fresh proposals for comprehensive schooling in Ripon.

It wants to keep the town's grammar school as a separate secondary school from one across the road. But Mrs. Williams is anxious to see both schools merged as one comprehensive.

The council claims that the Minister has exceeded her powers under the 1976 Education Act in requiring the council to submit further proposals in place of those already made. It is seeking a declaration that she has misinterpreted the Act and has acted unlawfully.

Mr. John Wilmers, QC, for the council, told Mr. Justice Browne-Wilkinson that the issue was whether Mrs. Williams had power to require the authority to submit further proposals.

"The Secretary of State, being a lady, likes proposals, and the question in issue is whether she can enforce a reluctant suitor to make proposals to her."

He said the council had "satisfied the comprehensive principle" by its original proposals. Mrs. Williams, he contended, had now power under the Act "to tell us how to go about the matter."

"In the present case, everyone is agreed that whatever happens in future, education in Ripon will be provided only in schools where arrangements for the admission of pupils are based on the comprehensive principle.

"Entry will not be based wholly or partly on selection by reference to ability or aptitude."

The county council had adopted its scheme for two comprehensive schools for the 11 to 18 age group after fully consulting the wishes of local people.

The two existing schools—Ripon County Grammar School and Ripon County Secondary School—were on opposite sides of the same road. The county's proposals would keep them as two separate comprehensive schools with a joint sixth form college.

But the Education Secretary wanted the council to form one large school on the two premises, said Mr. Wilmers.

Mr. Wilmers said that it was for the council to decide whether to have one school or two. It was in close contact with schools and parents in their area.

"If our plans are unreasonable, then Mrs. Williams can step in and use her powers under the Education Act. But she has been careful not to do so, and she in no way alleges that our plans are unreasonable."

The council's plans for comprehensive re-organisation were submitted in July last year, but a month later the council was informed that the Education Secretary considered the proposals "unsatisfactory" because they continued the separate existence of the two schools.

She considered the county's proposals were "wasteful of resources" and would create "unnecessary difficulties" in the allocation of pupils and sixth form arrangements.

But whether Mrs Williams thought the proposals right or wrong was irrelevant, said Mr. Wilmers.

The council had complied with its obligations under the Education Act to put forward proposals which gave effect to the comprehensive principle.

Mrs Williams could accept them or reject them—in which case things would go on as before — but she could not demand further proposals.

Originally, the council had put forward a one-school plan which Mrs. Williams now wanted, said Mr. Wilmers.

"Three public meetings were held and it was absolutely clear that our consumers—the electorate—wanted two schools and, being a democratically elected body, the council thought it right that they should consult parents."

Mr. Wilmer suggested that the council had rejected the idea of a super-sized comprehensive school after the principle "the bigger the better" gave way to "small is beautiful."

He contended that the 1976 Act was solely concerned with the comprehensive principle, and that it left untouched the 1944 Education Act which made the council responsible for providing secondary education, not the Minister.

The hearing continues today.

BR's £120,000 Scots travel centre opens

BRITISH RAIL'S £120,000 travel centre at Aberdeen Station was formally opened yesterday by Mr. William Fraser, the Lord Provost of Aberdeen.

Behind the ceremony lay nine months' extensive building work. It enabled the station to shake off the shackles of its outdated booking hall and reservation office which, British Rail said, were not in keeping with today's standards.

The new centre will offer a comprehensive range of BR facilities including ticket sales, seat and sleeper reservations, inquiries and other services all under one roof.

Powell attacks Tory silence 'as Britain is humiliated'

BY RUPERT CORNWELL

MR. ENOCH POWELL last night lashed out at the Conservatives for failing to protest at the "humiliation of Britain" when Mr. Callaghan went to Africa "to grovel and ask for absolution" from President Kaunda of Zambia.

The former Tory cabinet minister said Britain had surrendered sovereignty and degenerated to the status of a frightened nation, and he accused his old party of being unable to bring itself to speak up for the country.

Mr. Powell, now Ulster Unionist MP for South Down, told Paddington Young Conservatives that he had waited in vain for the "roar of anger that would arrive from a proud nation whose politicians in office had been insulted."

"Apparently we have supped so full of humiliation that it has become our normal diet, on which we look to be fed unresistingly by whatever party is in power." The Tories, he claimed, had found nothing extraordinary in the spectacle of the British Prime Minister "fawning" on President Kaunda in Kano.

Rhodesia, according to Mr. Powell, was merely the most recent example of how an assertion of non-involvement beyond the limits of power would have secured Britain's respect. Instead the country had made a spectacle of itself by meddling in being concerned in what was none of its business.

He warned the Conservatives—whose last lingering hankering for office must have been extinguished by the speech—that they must choose between being the party of the EEC or the party of Britain. If it was not the latter, the role would certainly be taken up by someone else.

The lesson that would be drawn both at home and abroad from the Kano meeting was that Britain was afraid and therefore could be injured with impunity.

"What do we suppose was the effect of watching such a scene as that in Nigeria upon those Africans and Asians who will be a third or more of the population of London and other English cities. If Britain is afraid of them, they thought to themselves, Britain will also be afraid of us," Mr. Powell insisted.

It was an economic fallacy to suppose that the UK economy would be seriously affected by any punitive measures which African states could take on the trading front.

Closed streets cause concern

SO MANY streets in London are now being closed to traffic for environmental reasons that the police and fire brigades are voicing concern.

Sometimes isolated road closures are later linked to create a chain of restricted areas and the fire brigade is worried that too many restricted streets slow their emergency vehicles.

The police say there should be associated measures to increase the capacity of alternative routes to avoid "real difficulty" in the event of an accident.

Unions call for support in steel plant appeal

Financial Times Reporter

TRADE UNIONISTS in Sheffield have asked local industrialists to support a joint appeal to the Government to protect the city's special steels industry against foreign competition.

The move follows the decision by Swift Levick, part of the Duport group, to close its special steels operation and make 200 workers redundant.

Workers at the plant said yesterday that they would not accept the redundancy notices and would fight to save their jobs. They urged management and other Sheffield industrialists to join a joint delegation to Mr. Eric Varley, the Industry Secretary.

The Sheffield Chamber of Commerce wrote to Mr. Varley this week warning that once skilled craftsmen were lost, it would be impossible to find them again when the market improved. Mr Stanley Speight, the former Master Cutler, has also expressed fears that the Government are not doing enough to prevent further large-scale redundancies.

In a statement on Monday which accompanied the 90-day redundancy notices, Swift Levick, the largest magnet producer in the country, said it was cutting its losses to safeguard the profitable magnet operation, the other half of its business.

The statement added: "International competition for a share of the UK special steel market is unabated, and in the foreseeable future trading circumstances, there is no prospect of any improvement."

Mr George Cayborn, district secretary of the Amalgamated Union of Engineering Workers, said yesterday that the closure of Swift Levick's special steels operation was not the right way to tackle the problem of competition from other EEC producers.

'Give Bail Act a chance'

CRITICS OF the 1976 Bail Act should give it a chance to work before trying to destroy it, Ms. Vivien Stern, director of the National Association for the Care and Resettlement of Offenders, said yesterday.

Those committed to the aims of the association might feel under attack at a time when to be called a do-gooder was almost a worse insult than to be called a hooligan or thug, she said at its annual meeting in London.

Shell Chemicals chief for NEB

BY KEVIN DONE

MR. GERARD FAIRTLOUGH, 48, managing director of Shell Chemicals UK, is leaving the company next month to join the National Enterprise Board as a divisional director. He will take up his new post on December 1.

Mr. Fairtlough has been with Shell since leaving Cambridge University in 1953. He has been responsible for most major business functions in the company including manufacturing, marketing, personnel, finance and planning.

When he announced his departure Mr. Fairtlough wrote to a number of his colleagues to say that he was not disillusioned with either the chemicals industry or the future for Shell Chemicals.

But he explained: "There are other things I would like to have a go at and at the age of 48 I have, I hope, some time in which to do them. I have therefore decided to move into a new field."

Mr. Fairtlough said yesterday that he had always been a strong supporter and protagonist of the public sector and he had now decided to act on his beliefs.

It was important that the public sector should also have its share of managerial talent.

At the NEB he will be joining a group of four other divisional directors who are responsible for a large number of different companies. He will also be taking an interest in particular sectors of industry, but he dismissed any idea that the NEB was considering entering the chemicals industry.

Several colleagues he is joining at the NEB have left private industry to gain a few years' experience of Government/industry relations, before returning perhaps to the private sector. Mr. Fairtlough said yesterday however that he thought he would now remain in the public sector.

To make the move he has had to accept a drop of almost half in his salary at Shell.

He will be replaced at Shell Chemicals UK by Mr. Keith Walley, who will take over as managing director on November 6. Mr. Walley is general manager of base chemicals for Shell Chemicals International.

Men and Matters Page 20

Oil paintings fetch £111,000 at Bonham's

SALEROOM

BY PAMELA JUDGE

EUROPEAN OIL paintings under the hammer at Bonham's in London yesterday fetched a total of £111,964. The highest price was given by a Canadian buyer — £7,500 for a Krieghoff depicting a North American Indian paddling a canoe. A foreign dealer was successful at £5,400 for a work by Theodor Kleehaas. The Young Kite Makers by Harry Brooker went for £4,200 as did The Happy Mother by Carl Hubner. Unsold items in the sale amounted to 5 per cent.

In the afternoon the same house sold English and Continental furniture, tapestries, Oriental rugs and carpets to the tune of £64,380. Some 6 per cent was bought in. A Dutch marquetry display cabinet and a Sehna rug each went for £4,600 and Caledonia Antiques paid £3,300 for a Renaissance-style Italian walnut buffet. A private buyer gave £3,000 for a 19th-century French tulipwood and kingwood bureau plat.

Metalwork English and Continental oak, Eastern rugs and carpets made £102,801 at Christie's. A Dutch oak cupboard went to Stodel, London, at £4,800, an oak four-poster bed was bought by Ivy House Antiques, Derbysire, for £4,200 and Lane Fine Art, London, gave £3,400 for a Spanish walnut side-table. A Kashan Mochtasham rug made £3,000 and an antique Agra carpet sold for £2,800.

At Christie's South Kensington, uniforms, militaria, swords and fountain pens went for a total of £23,719. An officer's levee coat of the Surrey Yeomanry circa 1800 sold for £4,000, a helmet of the Inniskilling Dragoons in the 1834 pattern made £1,800 and a coatee of the 11th Light Dragoons went for £1,250.

Senior Crown Agent paid under £7,000

BY JOHN BRENNAN

THE SENIOR Crown Agent, ultimately responsible for an annual procurement programme worth £87m and in charge of £950m of overseas governments' deposits, earned just £6,200 a year in 1968.

Sir Stephen Luke, senior Agent until 1968, told the tribunal investigating the Crown Agents' £224m losses, yesterday, that he would have preferred a successor who was not a Civil Servant, preferably someone with City and business experience and certainly someone paid more than I was being paid."

Sir Stephen's comments at the time of his retirement were read to the tribunal by Mr John Rankin QC, who is representing Sir Claud Hayes, Sir Stephen's successor [illegible]

Mr Rankin told Mr. Justice Croom-Johnson, presiding, that Sir Stephen [illegible] party to the choice of his successor and the overseas Development Ministry must have been fully aware of the difficulties in obtaining such a person."

Although Sir Stephen made it clear at the time of his departure that someone of wide business experience was needed to grasp the increasingly complex affairs of the Crown Agents, Mr Rankin noted that "the obstacles were so great that" the appointment of a [illegible] [illegible]

Govan shipyard launches first Polish vessel

BY OUR GLASGOW CORRESPONDENT

THE FIRST [illegible] in British Shipbuilders' £115m Polish order [illegible] yesterday [illegible] on the Upper Clyde. [illegible]

[illegible] cranes to Poland. [illegible]

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A SERIES OF INJECTIONS TO BOOST PERFORMANCE.

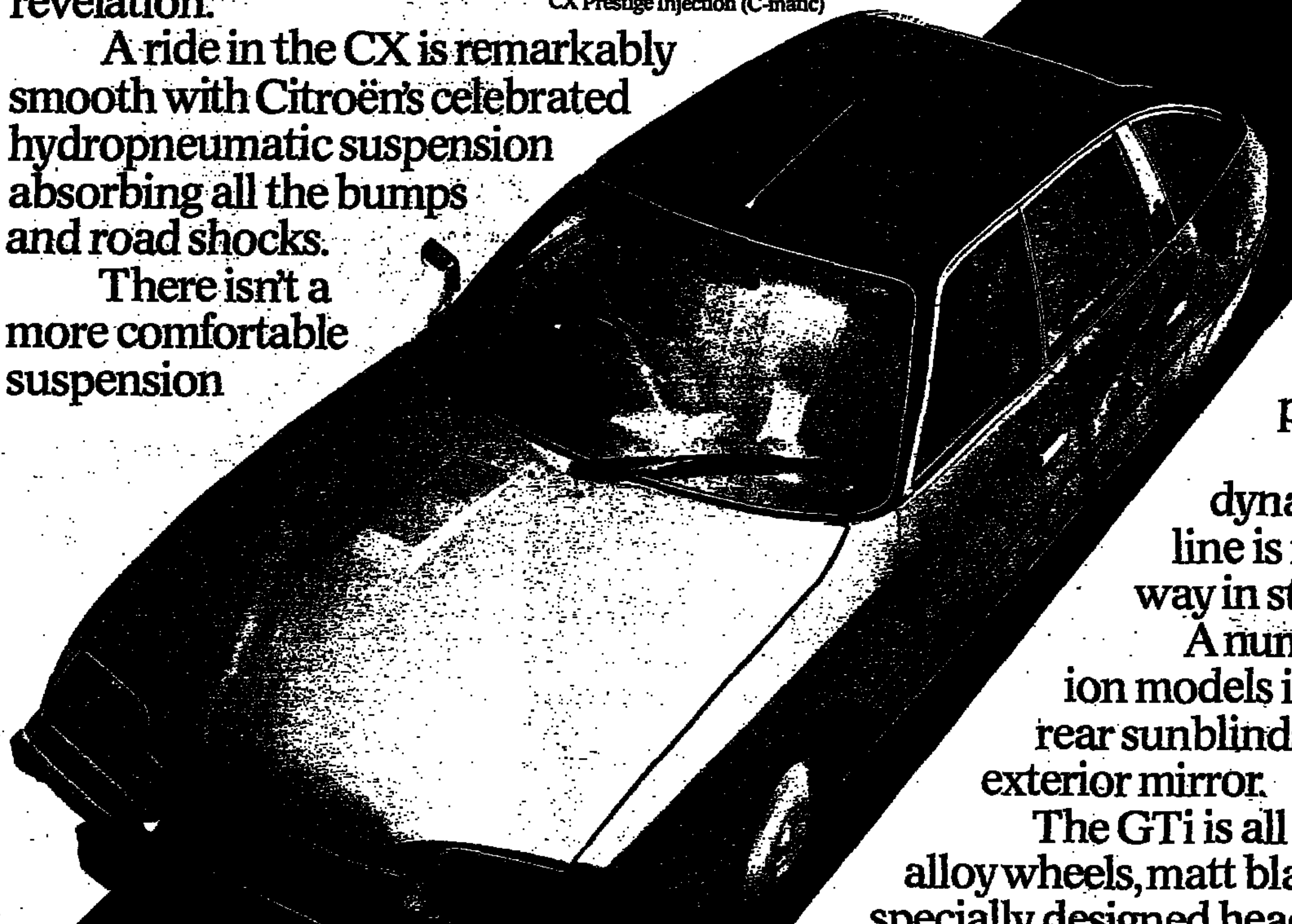
CX 2400 Pallas Injection (C-matic) Sunroof optional extra

For those who wish to combine the superlative comfort of travelling in a Citroën CX with extra performance, Citroën offer a series of solutions.

Namely, the CX GTi, the CX Pallas Injection and the CX Prestige; three CX models all with Bosch L-jetronic fuel injection and electronic ignition. Each offers the kind of performance that could leave many a red-blooded sports car driver green with envy.

Matched to the electronic fuel injection is a wind cheating design that's only too willing to accommodate the extra performance. It also accounts for some pretty miserly fuel consumption. The CX GTi, for example, returns 34.9mpg at a constant 56mph (8.1 l/100km at 90km/h).*

Those who grew up associating 'performance' with a bone-shaking ride and the deafening roar of an engine will find the CX comes as nothing short of a revelation.



CX Prestige Injection (C-matic)

A ride in the CX is remarkably smooth with Citroën's celebrated hydropneumatic suspension absorbing all the bumps and road shocks.

There isn't a more comfortable suspension system in any car at any price.

Aerodynamic styling makes the CX an exceptionally quiet car to drive at any speed.

Steering is Citroën's unique VariPower system. No other car's steering can match it.

When parking it's finger light, and power returns to a straight line position immediately the steering wheel is released. On the open road it grows progressively firmer with increasing speed.

The combination of VariPower steering and aerodynamic styling ensures that deviation from a straight line is negligible in the CX, even when driving on a motorway in strong cross winds.

A number of subtle variations differentiate the three injection models in the CX range, each of which has tinted windows, rear sunblinds, electronic ignition and electrically adjustable exterior mirror.

The GTi is all its name implies, with a close ratio five-speed gearbox, alloy wheels, matt black window surrounds, front and rear fog lamps and specially designed head restraints. (£6979.05.)

C-matic transmission is standard on the CX Pallas Injection, the most luxurious of the standard wheelbase CX models. (£6997.77.)

The Prestige is the ultimate CX. Longer wheelbase and body, wider rear doors, extra head and leg room. Air conditioning is standard. Probably the most lavish of all saloon cars available at its price. (£9254.70.)

It remains only for us to offer you a few parting words as we leave you to ponder the choice. Whichever of our injections you decide to take, you can rest assured it will make you feel a lot better.

A selection of the 16 models in the CX range

Model	BHP	Top Speed	Price
CX 2000	102	109mph	£4966.65
CX 2000 Super	102	109mph	£5199.48
CX 2400 Super (5 speed)	115	112mph	£5813.73
CX 2500 Diesel Super	75	91mph	£6040.71
CX 2400 Pallas (5 speed)	115	112mph	£6398.73
CX 2400 Pallas (C-matic)	115	111mph	£6582.42
CX 2400 Pallas Injection (C-matic)	128	112mph	£6997.77
CX 2400 GTi Injection (5 speed)	128	118mph	£6979.05
CX 2400 Safari Estate	115	109mph	£5971.68
CX 2500 Diesel Safari Estate	75	90mph	£6315.66
CX 2400 Familiale	115	109mph	£6081.66
CX Prestige Injection (C-matic)	128	112mph	£9254.70

CX 2400 GTi Injection (5 speed)

CITROËN CX.

*SIMULATED URBAN DRIVING 18.6 MPG (15.2 L/100 KM). CONSTANT SPEED DRIVING 75 MPH (120 KM/H) 28 MPG (10.1 L/100 KM).
ALL CX MODELS HAVE RECOMMENDED 10,000 MILES SERVICE INTERVALS. 1 YEAR UNLIMITED MILEAGE GUARANTEE. SUSPENSION GUARANTEED FOR 2 YEARS (MAX. 65,000 MILES). PRICES INCLUDE CAR TAX, VAT AND SEAT BELTS BUT EXCLUDE NUMBER PLATES. DELIVERY CHARGE £68.04 (INC. VAT). PRICES CORRECT AT TIME OF GOING TO PRESS. ENQUIRE ABOUT OUR PERSONAL EXPORT, HM FORCES AND DIPLOMATIC SCHEMES AND PREFERENTIAL FINANCE SCHEME. CHECK YELLOW PAGES FOR NAME AND ADDRESS OF NEAREST DEALER. CITROËN CARS LTD., MILL STREET, SLOUGH SL2 5DE. TEL: SLOUGH 23808.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Small exchange with multiple options

A DEVELOPMENT contract has been placed by the Post Office with Pye TMC for what will be called small business system, SBS, essentially a ten-line PABX using microprocessor control and solid-state cross-points (switching elements).

At present the Post Office provides "under 10 lines" exchanges to meet particular needs in terms of capacity and facilities, larger exchanges being supplied by the private telecomunications manufacturers.

The new equipment will enable all the small exchange requirements to be met with one comprehensive system via software and the micro.

Pye says that it is one of the first small exchanges fully to exploit stored program techniques. In practice this means that the user will be able to enjoy such facilities as call diversion with secretarial override, conference working, executive right of way and repertory, or abbreviated dialling.

Multi-button telephone instruments will be supplied with the exchange, allowing access to each of the facilities by pressing one button only.

Capacity needs from two external plus eight extension lines up to 10 external and 30 extension lines can be met, by employing a system of circuit cards and shelves.

An advantage to the Post Office will be the reduction of spares with fewer maintenance visits.

More from the company at Swindon Road, Malmesbury, Wiltshire SN16 9NA (06662 2121).

● OFFSHORE INDUSTRIES

Tackling corrosion problems

ONE OF the major preoccupations of the engineers and scientists in the teams supporting the UK's North Sea efforts has been the problem of corrosion, whether it is of the metal used in the submerged section of metal rigs, the reinforcement used in concrete platforms, or the effects on the metals of the pipelines of the impurities in hot crude oil or natural gas as they emerge from the wells. Depending on the depth and formation from which the crude flows its temperature can exceed 100 degrees C.

Metrotect, a specialist British company which is a major supplier of the coal tar enamels used for North Sea pipeline protection, has completed a new series of tests on an improved coal tar enamel coat and wrap system in which the harsh environment of North Sea working and the high temperatures encountered were stimulated.

BP and Chevron jointly commissioned the work which required the construction of a series of test pipes made of steel and coated internally with high temperature grade enamel reinforced with a glass fibre inner wrap and having an outer wrap of coal tar impregnated glass tissue. Over this corrosion-prevention layer, a three-inch layer of high density concrete is applied.

To reproduce North Sea conditions, the test tank is filled with a synthetic seawater cooled down to 4 degrees C. Hot oil is then circulated through the pipe sections from a thermostatically controlled external oil tank.

Any creep in the coating is measured by gauges fixed between coating and concrete, while the temperature gradient across the coating is measured by a series of thermocouples mounted on the surface of the steel pipe and of the coal tar enamel.

The tests have shown that at typical temperatures encountered in the exploitation conditions, glass fibre reinforced coal tar enamels are suitable for North Sea work and BP and Chevron have selected an appropriate enamel from Metrotect to be used on the Ninian field northern pipeline. Further tests are in progress to determine the upper temperature limits applicable to such materials. Metrotect operates from Tonbridge in Kent on 0732 355141.

In the meantime, in Norway, a major four-year research project on corrosion problems in the offshore industry, specifically on rig structures, has been completed at a cost of £90,000.

Started in 1974 on the initiative of Det Norske Veritas and the Norwegian Ship Research Institute, it has had support from both a Government body and a group of interested companies.

Nineteen separate reports deal with topics such as types of corrosion and environmental data; electrolytic data; paints and coatings and the characteristics of sacrificial anodes.

An English digest is available.

● COMPUTERS

A step back to move ahead

IN AN unprecedented and apparently retrograde move for the computer industry, Comshare Incorporated and Honeywell have reached an agreement worth more than $14m under which the latter will build 24 central processors of the now obsolete Sigma 9 type, originally made by Xerox Data System, to replace existing machines of this series used by Comshare in Britain and the US.

Honeywell took over XDS commitments when that company moved out of computers some two years ago.

At the same time, Honeywell is to build advanced solid-state memory systems based on MOS techniques, which will replace existing rotating magnetic memory and some solid-state memories of earlier designs.

This move is being made both to safeguard the considerable investment in software that the international real-time computer service group has made and to ensure that its customers are protected from machine failures. Though the Sigma 9's are among the most reliable processors built, they are becoming long in the tooth.

The present contract does not commit Comshare to any manufacturer and, in fact, company policy has been to move towards a more open position where it can benefit immediately from the best products as they become available.

This policy is essential in a group which has been growing at about 40 per cent annually.

The UK end has been particularly successful with pre-tax profits around £1.15m in 1977 on a £5.5m turnover and a 45 per cent growth expected for 1978.

Comshare is at 32 Great Peter Street, London, SW1P 2DB. 01-222 5865.

● HAND TOOLS

Fast nail driver

STAPLE NAILING seems to be the name of the game in the building, furniture and packaging industries, as it cuts down on labour, and a stapler, properly applied, can equal the hold of any nail on a wide variety of fastening jobs.

Light enough — only 6 lbs — to be operated with one hand, but toughly built to withstand rigorous daily use, is a staple nailer called BIF MS 7664 from BIF British Industrial Fastenings, Gatehouse Road, Aylesbury, Bucks HP19 3DS (0296 83675).

Nails can be driven at the rate of around 200 a minute.

● MATERIALS

Blanket to make tanks safer

A KNOWN method for the prevention of an explosion in the petrol tank of a motorcar, is filling the tank with a honeycomb of aluminium foil. If such a tank is damaged, e.g. in an accident, leaking petrol may start a fire, but the tank will not explode because heat is rapidly conducted away by the foil.

One problem is that only tanks fitted with an electrical fuel gauge can be filled with foil, moreover, filling very large tanks (such as those used in tankers) with the foil, would be expensive.

An invention which uses the properties of the foil while avoiding such disadvantages, surrounds the fuel tank with a jacket of foil or similar fine gauge material. This can be shown to act in a way somewhat similar to the copper gauze surrounding the old Davy safety lamp which was used to avoid mine gas explosions.

The blanket or jacket would be made of a material of good heat-conducting properties, e.g. copper or aluminium and be flexible.

Another application is the covering of pipes for the transport of inflammable liquids or gases with a blanket according to the invention (on oil rigs, for example).

Further information from J. van Tilburg, 6 Clarendon Gardens, London W9 1AY. 01-286 7635.

● RESEARCH

Plastics cut solar costs

A SYSTEM of plastic bags, instead of the conventional plate collectors, has been tried out successfully during research into solar heating by a group of scientists at the Weizman Institute of Science in Israel.

The system supplies all the hot water needs of a group of 30 families and is considered particularly suitable for large consumers of hot water, such as factories and hospitals. Another application is seen in desalination plants, which would receive preheated water, thus cutting down the cost of fuel needed for heating sea water to distillation point.

The scientists put the plastic bags on a site adjacent to their block of apartments. But, with advance planning, they could be incorporated into almost any building.

In the experiment water is piped into the bags each morning. At 3 pm, when a maximum water temperature of about 60 degrees C is usually reached, the hot water is emptied into an insulated storage tank for round-the-clock supply, saving 80 per cent of the cost of oil-powered heating.

The shallow collectors consist of plastic bags (PVC) measuring 42 by 3.5 metres, supported between concrete curbs on an insulation bed. They hold water to a depth of 10 cm. The upper part of the bag is transparent, the bottom part black.

For protection, the bags are covered by a hard, thin, transparent plastic sheet especially developed in Israel for maximum absorption of light yet corrugated for strength and durability. The material contains special stabilisers and anti-oxidation agents to give protection from damage by ultra-violet rays for five years. It is being made by the Palram factory of Kibbutz Yochanan, Israel.

● HANDLING

Trucks to work in danger zones

AS INDUSTRY anticipates more rigorous controls to be decreed under the Health and Safety at Work Act, a Midlands company has pre-empted such legislation by introducing a range of industrial trucks for use in hazardous environments.

The trucks are all pedestrian operated and have been designed and manufactured by Danks of Netherton, Halesowen Road, Netherton, Dudley, West Midlands DY2 9PG (0384 66417).

Unlike other trucks for use in dangerous areas, says the company, its range has been designed from the drawing board to fit exacting BSAEEFA specifications for working in oil refineries, petrochemical plants and areas where there are solvents, etc., with low flash points.

Consisting of three models—a 2,000kg pallet truck for floor level movement only, a 1360kg straddle, and a counterbalanced lift truck—the explosion proof specification for this range has been achieved by the extensive use of hydraulics.

The electric motor mounted in a flame-proof housing drives a hydraulic pump which, through the medium of a circuit valve, drives a hydraulic motor to control all the truck movements. It also acts as a brake, eliminating the need for traditional friction brake shoes. A large cooling tank dissipates the heat generated in the hydraulic system when under load. All fuses, too, are housed in a flame-proof container.

All trucks are battery powered and have tiller steering. Their compact design and manoeuvrability makes them ideal for use in narrow gangways and they are said to be much more economical where truck operating needs may be limited to a few hours each day—larger trucks are normally only economical if used continuously on an eight-hour shift.

Five diesel-powered Desta fork lift trucks (from Czechoslovakia) feature in the mechanical handling service operated in the UK by the company. These range from the three cylinder, 1363 kg unit up to the four cylinder 3181 kg model. Lifts range from 3.3 to 4.8 metres. The fifth is the LPG (liquefied petroleum gas) operated model which is particularly suited to operation in interior areas owing to its low fume emission. It is suggested also for container loading because of its low overall height of only 1.82 metres. The truck has a lift capacity of 2.5 metres for a 1136 kg load.

From NYK in Japan, is a range of battery operated fork lifts, to be sold in the UK through a nationwide distributor network. Initially, the company will import a range of 12 front loading, counterbalanced and "sit-on" reach trucks, although any of the Japanese models will be obtained to special order.

● SAFETY & SECURITY

Scans bags on conveyors

RAPIDEX X-ray baggage screening equipment has been extended to work with a conveyorised system.

IAL, with the technical cooperation of Pantak (EMI), has applied a well-proven X-ray tube to a new camera system and video store to produce the Rapidex 100, which is claims to be the most advanced available.

Operation of the Rapidex 100 is normally continuous, a picture of the contents of each item of baggage being displayed on the control console monitor as luggage passes through the unit. In the event of a bag requiring further or closer examination, the operator presses an alarm button which ensures that the suspect bag is presented for re-examination or hand-searched.

For closer examination, the unit has a high security mode, in which the conveyor belt is stopped and the X-ray dosage increased to permit the use of the zoom and close-up facility. In this mode, the machine performs to better than the safety standard laid down by the various relevant organisations throughout the world. This standard is typically 0.5mR/hr on the surface of the machine. Incorporated are radiation detectors which will shut the machine off should radiation be continuously emitted for significantly longer than the normal examination period.

IAL Group, Aeradio House, Hayes Road, Southall, Middlesex, UB2 5NJ. 01-574 2411.

Less risk of accidents

Safety figures largely in the day-to-day thinking of Lloyds British Testing (part of Davey International), Atlas House, Belwell Lane, Sutton Coldfield, West Midlands, B74 4AB (021-308 7101). Many accidents, says the company, stem directly from using equipment that is not up to modern standards, from operation by untrained men, and from lack of proper care and maintenance of cranes and lifting equipment.

The company has now introduced new mechanical handling aids. These include a shrouded overhead crane power supply system (called Protectors) and a range of lifting slings (Stripeys) in which the safe working load is identified by an overload cut-out system—this is called Powerguard. The latter is particularly important as its overload cut-out system is a vital follow-on from the usual overload alarm which is often ignored by the busy operator.

Risk of death by electrocution—from the open busbar circuits that are still in use in workshops throughout the country—could be eliminated by the shrouded conductor rail which can be fitted with the minimum of disturbance to normal working routine.

Many accidents caused by slingers misreading the safe working load rating on a sling, or failing to recognise that a sling is worn or overstrained to danger point, can be obviated by anyone familiar with the Stripeys colour code.

The Powerguard overload cut-out, of course, is designed to be fool-proof, and can be fitted to any crane almost in a matter of minutes. This not only rectifies the safety gap but also gives the overhead crane operators the same safety standards enjoyed by their colleagues operating mobile machines.

The company has now inaugurated a comprehensive training scheme for crane drivers and slingers (it stresses how remarkably few men are actually specifically trained to perform these responsible and often dangerous jobs) with the view that if fully qualified operators utilise well maintained and expertly serviced equipment, the accident figures would rapidly decimate and come onto line with —even push below—the accident levels for industry as a whole.

Kit to mend plant

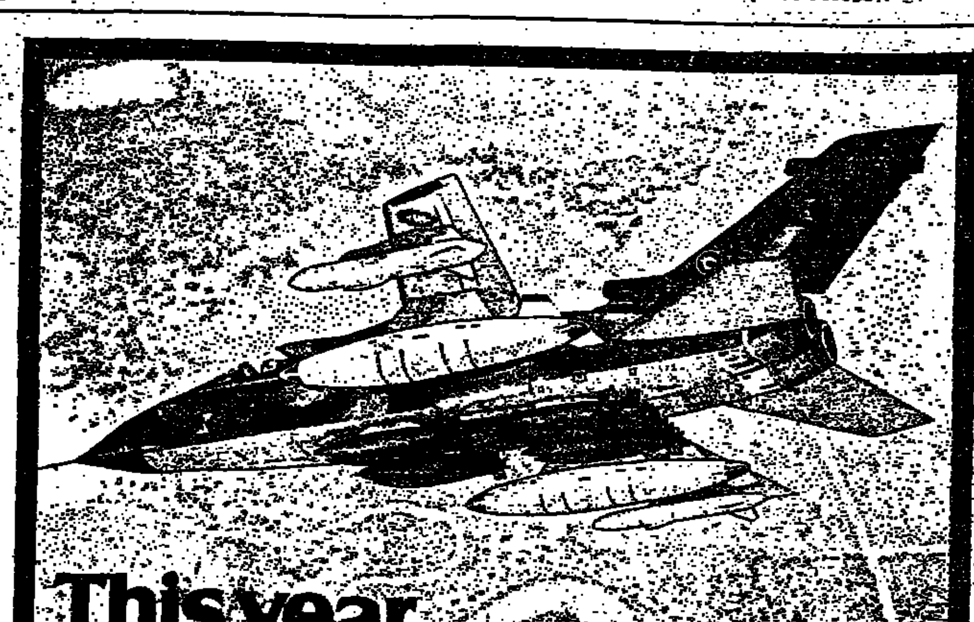
MAINTENANCE departments often need to spend highly on initial outlay of stocks for carrying out emergency and permanent repairs to plant and machinery. This should now be unnecessary, says Quentsplass, with its introduction of a wide variety of thermosetting resin-based systems which come in two packs based on the standard sizes of the most commonly used materials, but also including small sizes of ancillary products.

One pack is designed primarily for engineering repairs, the other mainly for structural repairs to buildings.

The engineering pack—based on the company's Super systems—includes the faster setting emergency grade, Quentbond epoxy adhesive, and ancillary products such as reinforcing tape, sealing patches, liquidiser and release agent, for repairs on plant, machinery, pipes, etc.

The structural packs are based on Quentcourse Standard and aggregate together with Quentbond epoxy adhesive, degreaser, release agent, etc. This enables them to be used for a wide range of structural repairs to property such as floors, lintels and steps.

More from the company at Thorp Arch Trading Estate, Wetherby, West Yorkshire, LS23 7BZ (0937 843388).



LABOUR NEWS

Working party plan for shipyard wages

BY PAULINE CLARK, LABOUR STAFF

MANAGEMENT AND unions representing Britain's 28 State-owned shipyards are to set up a joint working party on wages in their first significant move towards creating a unified pay bargaining system for the shipbuilding industry.

The plan was agreed yesterday in what were described as informal talks between British Shipbuilders and leaders of the Confederation of Shipbuilding and Engineering Unions representing some 86,000 workers in the yards.

Describing the move as a "breakthrough" in months of talks on how to sort out the unwieldy bargaining structure in the industry since it was nationalised, Mr. John Chalmers, general secretary of Amalgamated Society of Boilermakers, said there would be a determined effort to establish a common date for wage settlements.

A full report on the agreement is to be presented to the Confederation in York next Wednesday and detailed discussion of the development is planned at ra recalled CSEU delegate conference in November.

The working party is to report back "as soon as possible" but it seems unlikely that a new national pay policy will be formulated in time for the bulk of pay negotiations under the current 5 per cent Government pay policy.

British Shipbuilders inherited an untidy and fragmented bargaining structure from the old privately-owned yards where negotiations were conducted separately and tied only loosely to the national agreement for the engineering industry.

Last year settlements under the 10 per cent pay policy went ahead comparatively smoothly partly because a number of yards were able to achieve extra payments through the Central Arbitration Committee under the 1946 Fair Wages Resolution.

This year, yards are said to be holding back on their pay negotiations until the Government's attitude to implementation of its 5 per cent policy becomes clear in renewed talks with TUC leaders. But meanwhile, yards such as Govan, which had settled by this time last year, are exploring the possibility of self-financing productivity deals to boost their earnings.

Shipyard workers are likely to see some benefit in retaining the present system under the current strict wage guidelines to ensure maximum flexibility for negotiating productivity deals in the separate yards.

The unions have always emphasised that there should be no rigid national bargaining structure but that local negotiations should be based on national minimum rates for the industry.

Extra impetus for formulating a national structure has arisen from the latest national agreement in the engineering industry where pay improvements have been biased towards engineering in private industry where considerably more overtime is worked than in shipbuilding.

Ministers attacked for failing to solve hospital dispute

BY OUR LABOUR STAFF

THE NATIONAL and Local Government Officers' Association yesterday renewed its attack on the Government for failing to find a solution to the two-week-old hospital works officers' dispute as one of Britain's leading cardiologists, warned that more patients might die on the hospital waiting list because of industrial action by the group.

Mr. Ray Harris, a national organiser in NALGO, said in a statement last night: "It is within the power of Mr. David Ennals, Secretary for Social Services, and his Cabinet colleagues, to settle the dispute very quickly and any suggestion of risk to patients must be firmly placed at his doorstep."

The union is among five unions representing 3,500 works officers who are restricting repairs to *essential hospital machinery and* equipment to support their demand for a correction to anomalies in a new wages structure.

The works officers, who claim that some of them are being offered lower earnings than the craftsmen who work under them, have been told that Government pay guidelines prevent an improvement in the current offer.

Professor John Goodwin, of the clinical cardiology unit at Hammersmith Hospital, London—one of Britain's major teaching hospitals, said: "The great fear is that the incidence of people on the waiting list dying will increase."

Patients with serious heart disease who needed urgent, but not emergency treatment, could deteriorate, suffering serious disability or even dying."

Before the dispute started, 23 out of more than 100 on the waiting list were already classified as urgent.

Patients with cancer and serious heart diseases are having to be turned away from hospital because of the works supervisors' dispute, Professor Richard Welbourn, Director of Surgery at London's Hammersmith Hospital, said yesterday.

The hospital's management forecast that the 670-bed hospital may be forced to close its doors "because it may become unsafe to admit patients."

Meanwhile, the Department of Health reported a further significant deterioration in the situation round the country.

Dozens of hospitals, including some catering for children, are now handling accident and emergency cases only.

At Leeds and Wakefield, supplies of sterile equipment have been cut by 75 per cent.

At Cuckfield and Crawley hospitals in West Sussex supplies of sterilised fluids have run out, but unions are banning the use of commercially bought fluids.

In North Surrey admissions to children's wards have stopped.

Vickers ends productivity deal and blames union

BY OUR OWN CORRESPONDENT

A SELF-FINANCING productivity scheme at Vickers has been scrapped because the company, which handles Defence Ministry contracts, said it was operating outside Government pay guidelines.

The Newcastle-upon-Tyne heavy engineering company has sent a letter tod 1,200 shop floor workers telling them that the three-month-old productivity deal is to be abolished immediately.

The letter blames the decision on the refusal of the egineering union's works committee to comply with a clause governing job mobility—allowing workers to be transferred to other departments as the order book demands.

This clause is seen as vitay to justify the cost of the agreement, which gave the men a £4 a week rise from the middle of July.

The workers, who will not be asked to pay back the money, are to hold a meeting next week to decide what action to take. Mr. Jim Murray, works convener, would not comment on the company's decision yesterday.

The agreement, drawn up over several weeks, allows either side to withdraw if the other does not comply with laid-down conditions.

The Elswick factory, where the men work, handles a wide range of defence contracts, largely involving tanks.

The company said yesterday that the scheme was effectively terminated by the union which had told Vickers that it could not meet the conditions of the deal.

The company was now discussing alternative pay arrangements with the worforce.

Plessey sit-in workers ordered out

WHITE-COLLAR engineering workers occupying a building on the 20-acre Plessey Telecommunications complex at Edge Hill, Liverpool, in protest against redundancies, were ordered to quit by a High Court judge in London yesterday.

More than 40 members of the Technical, Administrative and Supervisory Section of the Amalgamated Union of Engineering Workers have been occupying the building on a rota basis *since September 26.*

At a 10-minute private court hearing, Mr. Justice Phillips granted Plessey a possession order on the property.

The workers were not represented at the hearing.

Plessey said later: "The order is a step forward in resuming work in the building where System X—a new digital telephone dialling system—is being developed for the Post Office for introduction in 1980."

The dispute started on July 5, when Plessey gave the union 90 days' notice of redundancies affecting 60 0workers.

Perkins faces shutdown

PERKINS FACES its second shutdown within two months because of industrial action by 800 key maintenance men at the Peterborough diesel engine company. They have called a mass meeting for this morning after the management rejected their claim for re-grading.

The company is the world's biggest producer of diesel engines and when the dispute started in August, the maintenance men came out on strike for 10 days. As a result, 5,500 production workers were laid off and 900 engines a day were lost.

The management rejection of the re-grading claim came yesterday after a four-week investigation. A statement to union representatives said: "We do not consider that the claims presented by the union justify the re-grading of all or any craft jobs on the basis of a fundamental change of skill or responsibility."

The union replied by calling for a mass meeting.

Civil servants seek Secrets Act reform

BY PHILIP BASSETT, LABOUR STAFF

BRITAIN'S second-largest civil service union yesterday called for far-reaching changes to the Government's plans for the reform of the Officials Secrets Act to bring about "genuine" open government.

The Society of Civil and Public Servants, which represents 105,000 civil servants in executive grades, said that the Government's White Paper on the reform of the Act was "totally inadequate" as a move towards greater openness. It is sending its criticisms to Mr. Merlyn Rees, the Home Secretary.

The society, which is the first civil service union to reply to the White Paper's recommendations, believes that its members are more directly affected by official secrets legislation than any other group of workers.

Instead of the two restrictions proposed in the White Paper of "security and intelligence" and "protective security measures," the wider use of the defence-confidential classification and a new area to cover the field of international relations, the society proposes that a new Official Information Act should be based on a statutory right of access to, and use of, information except for defined restricted categories.

Civil servants tend to be restricted in practice much more by administrative sanctions, including damage to promotional prospects, loss of pension rights and dismissal, than by the terms of the Official Secrets Act.

The society feels, though, that both criminal and administartive sanctions should be used only for unauthorised disclosure of restricted information.

Reform of official secrets legislation should not, too, make illegal the disclosure of annual departmental reports on employees—an issue on which the society and the Civil and Public Services Association have been trying to reach agremeent with the Government for some years.

Mr. Gerry Gillman, general secretary, said the present Act muzzled civil servants. Every trivial item on information was secret and potentially covered by criminal and disciplinary sanctions unless disclosure was specifically agreed.

● The Government's offer of a 12.7 per cent increase to civil servants' inner London weighting allowances is to be discussed by the eight unions involved. The staff side of the National Whitley Council may have to call a special meeting later this month.

The staff side will try to persuade the Civil Service Department to make formal the current "without prejudice" offer before taking it to arbitration to press for an increase on the lines of the 13.5 per cent recently awarded to teachers' London allowances.

● The Civil Service Union, which represents 1,300 London traffic wardens taking industrial action over a pay claim, has been told that the Phase Three non-industrial civil servants' pay settlement, to which the wardens want their pay linked, would be "slightly above" the 10 per cent guidelines if it wtre applied.

The union's traffic committee is expected today to discuss the action, which has seriously affected the availability to motorists of parking meters in the capital.

NUT probes delays on comprehensives

BY OUR LABOUR STAFF

THE National Union of Teachers is to examine the progress made by local authorities towards fully comprehensive education systems and to identify those authorities "pursuing delaying tactics."

The executive of the NUT, the largest teachers' union in the country with 288,000 members, has asked each of its 104 divisions to report on the progress of secondary education reorganisation in its area and whether any local authorities are dragging their feet.

The reports will also show the extent to which local authorities are continuing to contribute to independent schools and will inform the union of any attempts to disrupt comprehensive schemes.

Mr. Fred Jarvis, general secretary of the union, said yesterday that it was seriously concerned that some authorities were failing to meet their legal responsibilities. The union would consider how pressure might be applied.

Of the 97 local euhtorities in England, 44 are now fully comprehensive. A further 16 are expected to be comprehensive by 1981 and another four in 1983. Of the 33 outstanding, four are involved in court actions.

Mrs. Shirley Williams, Education Secretary, told the Labour Party conference this week that 83 per cent of secondary schoolchildren were now in comprehensive schools. Since 1965, the number of comprehensive schools has risen from 221 to 3,678.

Mr. Dewi Bonner, NUT president, said yesterday that the union's campaign against worsenign pupil-teacher ratios would be stepped up this autumn. The union had already saved 8,500 jobs.

● The National Union of Students yesterday called for planned research by the Government into the development of micro-technology. The union, which has put its case to Mrs. Williams and to Mr. Albert Booth, Employment Secretary, is to carry out its own study.

Unions give pledge on Times supplements

TIMES NEWSPAPERS said yesterday that its three weekly supplements would continue to be printed and published in London after receiving assurances of uninterrupted production from the unions involved.

The company had told the unions on July 4 that unless they gave the guarantees, printing and publishing of the Times Educational, Higher Education and Literary Supplements would be transferred outside London.

In the first 26 weeks of this year 17 issues of the supplements have been affected by lateness or industrial action.

Yesterday the final assurance was received on future production.

The unions principally involved are the National Graphical Association, the Society of Graphical and Allied Trades and the National Society of Operative Printers, Graphical and Media Personnel.

The company said: "We are encouraged that the unions have recobnised the seriousness of the situation and have taken positive and constructive steps to stop the pattern of disruption that was endangering the supplements' future."

The assurances do not affect the notice given by the company to suspend publication of the Times, the Sunday Times and the thre supplements on November 30 unless the unions guarantee industrial discipline.

More Ordnance lay-offs

ANOTHER 100 men have been laid off at the Government's Royal Ordnance factory at Birtley, Tyne and Wear, bringing the total sent home to 700, because of a two-week pay strike by 400 inspectors.

The Property Market

BY JOHN BRENNAN

When advisers clash

IT IS fashionable to argue that planning controls are now too complex and too sluggishly operated. Looking at decades of neglect in the inner cities it is tempting to put the case for a single executive planning authority with powers akin to those of the New Town Development Corporations. But, as Cumbernauld Development Corporation is discovering, even the New Town system has its drawbacks.

Cumbernauld, near Glasgow, has been talking of adding to its central shopping centre since the early 1970s. Phases I and II of the centre were completed in the 1960s and a third phase, occupied as a Woolco store, opened some years later. In 1975 the Development Corporation received planning permission to build a fourth phase of the centre, linking it on a level with the Phase I and II buildings which stand on 22 to 26-foot stilts above car parking. It proved impossible to fund this scheme.

Healey and Baker, acting as the New Town's property consultant, was asked to suggest a scheme that would be commercially viable, fundable, and which would be designed as a natural extension of the existing buildings. Its plan, which would have involved rerouting a road under the control of the Strathclyde Regional Council, was amended, drawing the ground level scheme further away from the existing buildings. This revised plan has been accepted by the Scottish Office and earlier this year pre-lettings began and the Coal Board's pension fund agreed to back the £4¼m development. With its 180,000 square feet Phase IV scheme underway and due to open by Christmas, 1980, Cumbernauld's planning decision now ran into a barrage of criticism from traders in Phases I and II of its centre.

The traders claim that they knew nothing of the decision to build a ground floor rather than a raised scheme until they "happened" to see a copy of the plans in April this year, shortly after the Corporation had finalised its plans for Phase IV.

A meeting of traders was convened in July, and an action committee asked Mrs. Margret Bain, Scottish National MP for East Dumbarton, to query what the committee sees as the Development Corporation's steamroller tactics with the Parliamentary Commissioner. The Commissioner could not help as the matter did not involve maladministration. The committee then called on the Scottish Secretary to hold a public meeting. And last week he replied saying that the planning decision had been made, and that it would be inappropriate at this stage to re-open the matter.

Rounds one and two of the debate have, therefore, gone to Corporation. But the committee is now increasing its pressure for a public inquiry on the grounds of the Corporation's lack of consultation with existing tenants, and on the argument that the new Phase IV will kill trade in the existing centre. Here lies the core of the debate.

On the one hand, Healey and Baker argues that the new centre will make Cumbernauld a stronger retail magnet for the area and so help both new and existing traders. It also feels that a roof top car park on Phase IV will boost trade for existing shops. On the other hand, a preliminary report prepared by the Scottish office of Edward Erdman provides the tenants with ammunition for their counter case.

Erdman writes that Phase IV, "is likely to be entirely successful in its own right . . . unfortunately at the expense of Phases I and II." The new scheme must, it feels, "have a damaging effect on Phases I and II in terms of siphoning off shoppers . . . ."

If Phase IV does make a retail desert of the existing shops then Cumbernauld, which financed the earlier development, will stand accused of high-handed action. If, as Healey and Baker expects, the scheme helps the town to become a major regional shopping centre, the New Town planners will stand as an example of effective planning.

Where developers face unreasonable local authority planning delays it is easy to put a case for New Town style executive decisions, and the property industry as a whole tends towards the view that responsible planning need not mean endless years passing from public hearings to committees and back again. But what happens when, as at Cumbernauld, the professional property opinions on an executive authority's scheme clash? In this case the Corporation falls back on the only realistic answer, "we expect Phase IV to be a riotous success, but we will just have to wait and see."

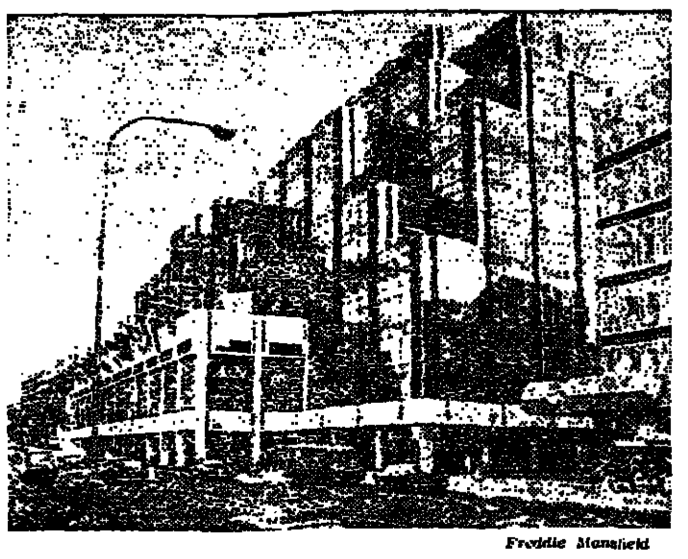
WAP fund for Robeco

IN A £20m deal Robeco—the Dutch investment trust Rotterdamsch Beleggingsconsortium N.V.—has moved closer to forming its own quoted real estate investment trust.

Robeco, which took its first major steps into the property market earlier this year with the acquisition of a property portfolio from the Dutch group Pakhoed and which also holds share stakes in Hexelon and in EPC's one-time suitor Wereldhave, has now bought the Fl 90m (£22.1m) properties held by the WAP Onroerend Goed Beleggingsmaatschappij trust.

WAP was formed in 1973 by three Dutch banks, Amro, Pierson Heldring and Pierson, and Westland Hypotheekbank. Before the 1974-75 property crash WAP's managing agents, Jones Lang Wootton, built up a portfolio of shop and office properties in Holland, Germany, Belgium and France. The crash killed the banks' plans to launch the trust as a quoted property vehicle for their private depositors and smaller institutional clients and although Robeco is believed to have paid around Fl 10m less than the gross portfolio valuation, the banks are happy that the sale price dully recognises WAP's low gearing.

JLW is to remain management agent for the WAP properties, a comfortable position in view of Robeco's plans to increase its property investment activities.



Freddie Mansfield

There may be close to 1.4m sq ft of air-conditioned offices available in the West End and Victoria area of London. But Leslie Lintott and Associates cannot find 75,000 sq ft of it in one place.

In the past few days the firm has been commissioned to look for a single West End building of this size for what the market assumes is one of its oil company clients. But a cast through the space available lists reveals nothing suitable.

The obvious first choice might appear to be part of the Electricity Supply Nominees' 135,000 sq ft "Southside" offices over the Army and Navy scheme in Victoria Street, S.W.1. But letting agents Richard Ellis, who earlier this year signed up Chevron Oil Service Company to take 36,000 sq ft of the block at close to the £15 a sq ft asking rent, are believed to be deep in letting discussions for another 60,000 sq ft of the building.

As demand for units of this size now runs ahead of supply in the area it looks as if the relocation season could soon be upon us again with prospective tenants forced to look elsewhere, and existing occupants taking advantage of the market to assign leases and head for the country.

In Brief . . .

IT HAS been a week for management changes. Two were important, but unnoticed, and one was a formality, but misinterpreted.

The latter was Percy Bilton's decision to hand over the managing directorship of the industrial development group that bears his name to Ron Groom and Alan Smith, who will now share the job. Both have been easing into the role for the past 18 months, and, after 20 years with the company, in charge of administration and developments respectively, it is surprising that the move served to reopen the now mildewed tales of Board room strife. The appointment of Hugh Bettlestone of Clerical, Medical and General as deputy chairman is a welcome addition to the Board, where Mr. Bilton has long made it clear that his son Donald will eventually succeed him in the chair.

Over reaction to title changes at Bilton contrast with little reaction to appointments at MERC and Haslemere Estates where next generation property men have been filtering onto the main boards.

At MEPC James Tuckey, who joined the group from Savills in 1972, took over as director in charge of the UK portfolio at the beginning of the month and Roger Squire, who joined in 1972 and subsequently ran MEPC's European operation, takes over as development director. At Haslemere Timothy O'Rorke, who specialises in purchasing London properties, is to join the board on November 1 along with industrial developer Christopher Benham,

●

IT IS three years since Gower Press produced its last Industrial Development Guide. Now Cambridge Information and Research Services has taken up the role of publisher and produced an updated edition of this nationwide survey of industrial property and development sites.

CIRS built its picture of the industrial property market on the basis of questionnaires sent to county and local authorities and to estate agents and developers. Although the response to its questions was good—all the county authorities, 80 per cent of the New Town Corporations and over 70 per cent of the district councils replied—the guide is necessarily not comprehensive.

Only 100 replies were received from the private sector, and as the survey was carried out in the summer lists of available properties and sites are bound to become embarrassingly out of date before the 1979 survey.

But these are minor criticisms set against the guide's real value as a handy source of information on industrial development incentives and controls throughout the country. Its particular strength is an excellent county by county review of the industrial market. The sites and properties shown to be available may become dated. But the outline descriptions of each county's markets and planning background are invaluable and are backed up with a contact's directory listing over 1,000 private and public addresses covering most areas of the industrial market.

One point to emerge from CIRS's survey is the surprisingly large amount of land available for industrial development.

Excluding sites of under 2 acres the guide identifies no less than 300,000 acres of industrial sites currently available. As recent land prices show, much of this land is in the wrong place for developers. And price rises underline the growing shortage of suitable freehold land. But the survey does show that 50 of the 63 English counties and Scottish regions have over 100 acres of industrial sites ready for building and that in five areas, Greater Manchester, Lancashire, Humberside, Clwyd and Strathclyde, ther are over 2,000 acres of industrial land standing unused.

Industrial Development Guide 1978-79, Cambridge Information and Research Services Ltd., 8 Market Passage, Cambridge. Price £11.00.

●

OLIVER MARRIOTT, author of the classic "The Property Boom," and part of Jeffery Sterling's management team at Town and City Properties, has sold all but 25,000 of his shares in the group. Mr. Marriott sold a total of 350,000 shares late last week, raising £45,500 at 13p a share.

Mr. Marriott says that the share sale does not, however, "in any way affect my role with the company." No move is planned, and he explains that the sale was for purely personal reasons.

●

Property Deals appear on

Pages 16 and 23

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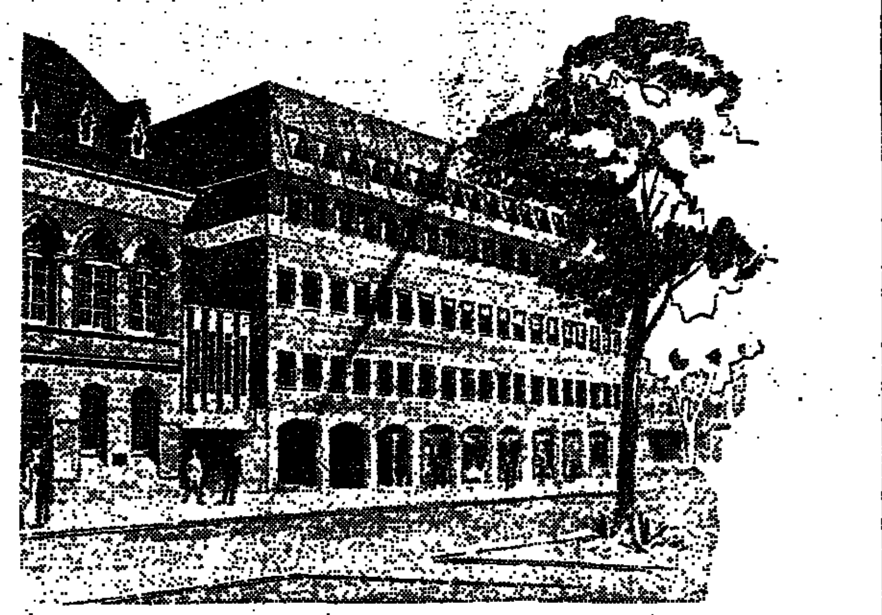

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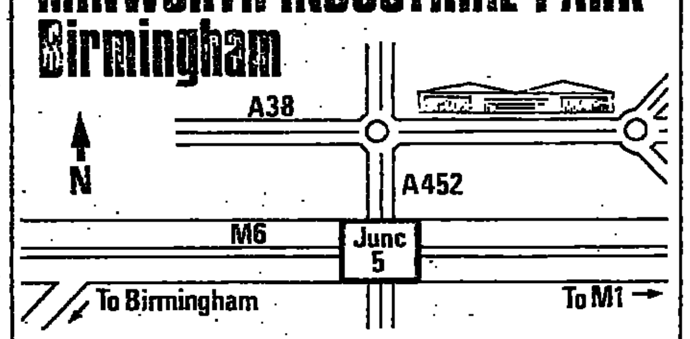

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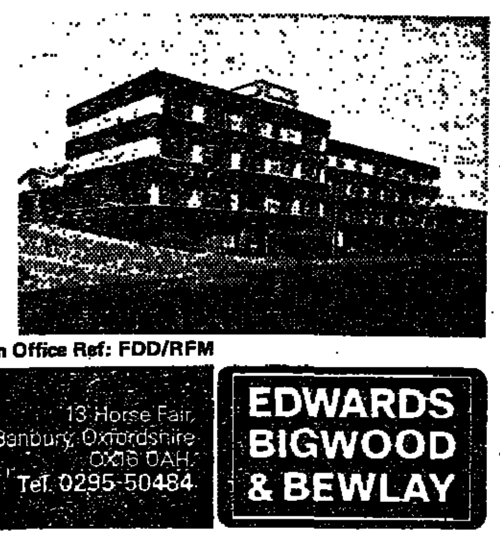

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PROPERTY DEALS

Wingate to move OCL

WINGATE INVESTMENTS, Wimpey's property subsidiary, is to develop a 331,450 sq ft, 10-storey City fringe office complex for Overseas Containers.

On September 5, OCL, which has been looking for a new headquarters for some years, followed through an Office Development Permit for a scheme in Goodmans Yard by Fenchurch Street Station to the east of the City of London. It submitted a planning application to Tower Hamlets and to the City Corporation for the offices (250,000 sq ft of which will be occupied by OCL) and for 48 flats, squash courts, and a public house on the site.

In what must be one of the swiftest reactions to a planning application of this size, Tower Hamlets planning committee agreed to the proposals on Wednesday evening, less than a month after the submission of the scheme.

The committee agreed to the proposals even though the site lies outside the Council's designated office development areas. The fact that the development is not speculative, and the possible loss of 1,300 OCL office jobs to the borough, outweighed objections about the relatively low level of planning gain for the local community in the plans.

The City Corporation is expected to consider its portion of the scheme in the next two weeks. After that the plans will have to be submitted to the Greater London Council and the Secretary of State for the Environment.

Lander Burfield, Wingate's advisers, make it clear that the scheme is still only in a preliminary stage. But as Wingate has options to acquire the portions of the site it does not already own, and is likely to enter into a form of partnership with British Rail on its section of the site, a clear run through the planning maze now could mean that work would start on the building next year with a completion date in 1982 or 1983.

Around 180,000 sq ft of offices in the proposed new building would be available for a tenant other than OCL, which would itself expect to temporarily sub-let part of its 250,000 sq ft until its staff numbers increased. This additional office space would provide Wingate-Wimpey with two of the largest vacant City fringe schemes on the market by the early 1980s—the unused OCL block, and the second, 95,300 sq ft, stage of the Wingate Centre next door in the Minories.

Lander Burfield, which let the 66,000 sq ft first stage of the Wingate Centre to insurance brokers Bain Dawes late last year, looks to an acute shortage of large City office units by the end of the decade and to a sizeable rise in rents. With that in mind the firm is not yet marketing the second stage offices.

George Trollope and Sons, who are acting for OCL on the development, will also have an interesting office sale on their hands if the scheme does go ahead. When it moves OCL is to sell its existing 128,000 sq ft Beagle House headquarters in Braham Street, Tower Hamlets.

●

COMMERCIAL Property Unit Trust, managed by Morgan Grenfell Property Services, has paid around £310,000 for a 15,700 sq foot warehouse development in Bath. Countryclass Investments' scheme at Locksbrook Road, Bath, has been pre-let, at an initial £23,500 a year, to E.R.D., a subsidiary of Thorn Electrical Industries. The signwriters' friend Cuthbert Lake Clapham Drew Gibbins and Pearce advised Morgans, and Connells introduced the fund to Countryclass.

●

INSURANCE BROKERS may be moving their main clerical staff eastwards in the City but offices within walking of Lloyds still command the top City rents. Dron and Wright are this week asking £17.25 a sq foot for Bland Payne's 7,550 sq foot underwriting suite at 19/21 Billiter Street, just opposite Lloyds. The 1865 block was refurbished in 1964 and the brokers will leave the offices for their new Mincing Lane headquarters early next year.

●

CHESTERTONS is to bring all its West End residential operations under one new roof from Monday when it completes the takeover of Hinton and Company. Tony Hinton is to become a consultant at Chestertons, and the firm's existing house sales staff will move from their Grosvenor Street headquarters to Hinton's former offices at 47 South Audley Street, Mayfair.

●

GREAT PORTLAND ESTATES has raised £3.8m from the sale of its 10.4 acre Uplands Trading Estate in Walthamstow, E.17. Bush Boake Allen, the food flavours subsidiary of Albright and Wilson bought the land and the 230,000 sq ft of assorted industrial buildings lying next to its present 9.1 acre site in Blackhorse Lane, Walthamstow. Bush Boake Allen, which signed the completion papers last Friday, is already one of the largest tenants of the estate and the additional space provides room for further expansion. Jones Lang Wootton advised Albright's subsidiary on the purchase.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

Japanese executives abroad: learning some tough lessons

A JAPANESE executive working in the outskirts of London laments that his children would probably be excluded from working in the very company which sent him here because they haven't been educated in Japan. His fears, quite justified by Japan's rigid social structure, are increasingly shared by most middle-aged Japanese businessmen with families working in foreign countries.

There are now 6,000-7,000 Japanese living in the UK alone. Japanese educators estimate that fewer than half of their children (estimated at around 1,200) are able to attend a school accredited by the Japanese education ministry. Around 70 per cent attend weekly classes to study the Japanese language, and the rest, particularly outside London, are dependent on correspondence courses from Japan, or, in rare cases, have regular access to video tape recordings of television programmes from the homeland—or tutors—to keep them from forgetting the national language.

The major concern of Japanese parents is that Japanese companies, some with impeccable images as international enterprises, remain extraordinarily conservative in recruiting their employees.

While their executives and staff range far and wide in pursuit of overseas business opportunities, at home the only candidates for employment are school leavers who have properly passed company examinations during the last year of university.

The ambitious student who travels abroad for a year or two—even after graduating from a good school—will probably forfeit the chance of a job with a first-rate company which prefers someone who has come straight off the approved educational escalator.

Japanese businesses, with some co-operation from the government, helped establish a private school in London for children, but the school, in Camden Town, only accepts full-time students from their fourth to their ninth year of education (about 317 students at present), though Saturday language classes also handle 650 students from the first year of education to the twelfth.

There is one boarding school for Japanese children in the UK administered by Rikkyo University, a private institution in Japan, which has about 160 students. More than 100 of those are sent by education-conscious parents living outside the UK.

The problem of education is felt most by executives between the ages of 35 to 45, with maturing families. Lower echelon staff are normally single, newly married, or have relatively young children, so that three to five years in a foreign country will not impair the children's ability to re-enter primary school in Japan before losing the crucial training which allows one to pass examinations that hold the key to future education and employment.

The critical point for a child is reached at about 14 years of age, when rigorous study is required to enter the right high school.

The general manager at a Japanese electronics company with a plant located in Wales perhaps typifies the parent's dilemma.

With two daughters, 14 and 17 years old, he has enforced a strict rule of "Japanese only" at home. He imports several hours of Japanese television programming on video tapes each month, and supplemented his children's education (at local privately run schools) with tutors from time to time.

He will soon return to Japan after six years' absence, but the elder daughter will remain in the U.K. to complete her education. But the British school-leavers' examination will qualify her for only five private universities in Japan, most of which have strong international divisions. The younger daughter will have to do her best to catch up with her classmates back in Japan.

The plight of overseas businessmen has spurred considerable debate in Japan recently. The Government has been urged to establish more schools overseas for the families of businessmen and diplomats, but funding has been slow to come.

The need to become more cosmopolitan and "internationalised" is widely recognised by the Japanese themselves, who tend—as in most expatriate foreign communities—to associate with each other more than with the local communities. Understandably, however, few Japanese parents are willing to see their own children sacrifice a hard-earned place in society to achieve that goal.

Richard Hanson

How Pakistan's airline grew against the odds

BY DAVID CURRY

IN JUST four years Pakistan International Airlines (PIA) has travelled from virtual bust to boom. Now, despite the handicap of acute political uncertainty and an economy where miracles never happen, the airline is planning an expansion programme which aims to double its size by 1981 and sustain its claim to be the fastest-growing airline in Asia.

To do this it is buying both the European Airbus and 747 Jumbos. Depending on which of these two types becomes the pivot of the fleet, PIA could arrive in the mid-1980s with a fleet of up to nine Jumbos or as many as 17 Airbuses. Just five years ago the entire fleet consisted of 10 Boeing 707/720s and five Fokker Friendships.

That first great expansion plan was an act of faith. Pakistan had lost 55 per cent of its population and PIA half its business in Bangladesh. The airline had also crashed four aircraft in less than 12 months, was losing money heavily, was in dispute with its pilots and suffered a haemorrhage — like loss of skilled manpower (to Singapore Airlines in particular) and was producing a haphazard and slovenly service.

In late 1973 Air Marshal Nur Khan was appointed the airline's first full-time chairman—with sweeping authority. Almost a generation ago, he had served a term as chief executive of the airline but his chief asset was his reputation as a war hero in the 1965 Indo-Pakistan war. He made it clear that he was going to clean up the airline with military thoroughness, and he symbolised his intentions when he called the 10 directors into his office on his first day in the job and demanded the written resignation of them all.

He changed the management team, set targets of punctuality and service to be met within three months, introduced task forces to monitor progress and started talking with the pilots and unions.

Above all, he made an unequivocal commitment to growth which meant the airline and a technologically backward country would have to acquire the skills of the most sophisticated carrier.

During a period of severely depressed airline activity, from 1973-77, PIA sustained a growth rate of 29 per cent a year measured in passenger-kilometers: it managed to maintain the standards of performance set by Stanford Research Institute for areas like passenger handling, on-board service and meals; it assimilated wide-bodied 747s and DC-10s into the fleet and maintained them largely by its own means; it sustained an average punctuality of 80 per cent while expanding its route network substantially.

In the first six months of this year some 1.25m people travelled by PIA and the financial year to the end of June 1978 brought $25m in net profits.

In the current financial year a profit of some $30m on a turnover of around $400m is expected—five times the 1972-73 level.

The generator for PIA's expansion was what the West knows as the oil crisis and the Middle East knows as the oil boom. The Indian sub-continent is the market place for labour for the Middle East, not just skilled workers but even more so for basic manual labour. PIA tapped that market by making itself the largest foreign operator to the United Arab Emirates and Saudi Arabia, with 41 weekly services to the former and 19 to the latter. The Airbus is partly needed to serve these routes on which the airline claims to have been the first to introduce wide-bodied aircraft.

This market is the real money-spinner, accounting for more than a third of all passenger-kilometres flown. As the Gulf is relatively close, expatriot Pakistanis return home much more frequently (on average every 18 months) than their compatriots in the UK and Scandinavia (around once every four years) or those in North America where the mainly professional immigrants are much more closely assimilated into the local culture.

Pakistan's position as a staging post between east and west has also been exploited by the airline. The volume of passenger traffic to and from the Far East has grown from 83,000 four years ago to 250,000 a year now.

More than half the airline's business is still "ethnic," especially in the Middle East. But 80 per cent of passengers on the New York run and 90 per cent on flights to the Far East are non-Pakistanis, and the airline says it could expand these services if it could get the approval of the various national authorities.

The next route expansion will be a link to Nigeria established in co-operation with the Saudi airline Saudia — another example of exploiting the possibilities of oil-rich Muslim markets.

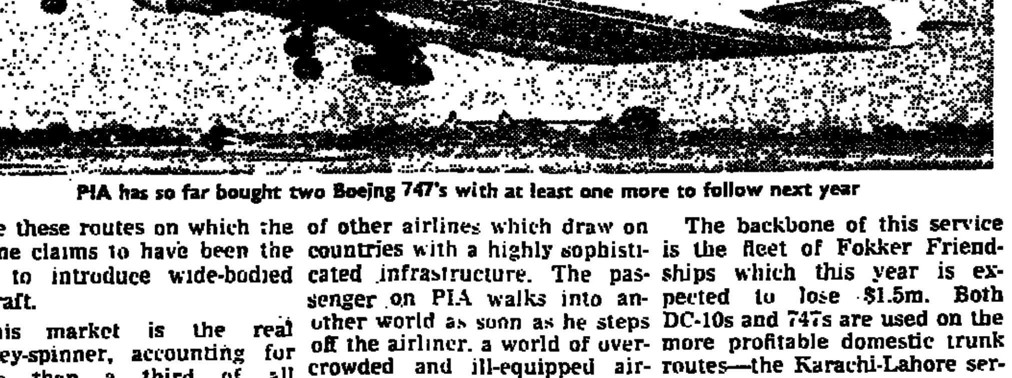
The changing nature of business since 1973 is startling: in 1973 the UK contributed 22 per cent of international passenger revenues and Europe and the U.S. together almost 46 per cent. That has now shrunk to 29 per cent compared with the increase in the share of the Gulf and Middle-East from 12 per cent to 34 per cent.

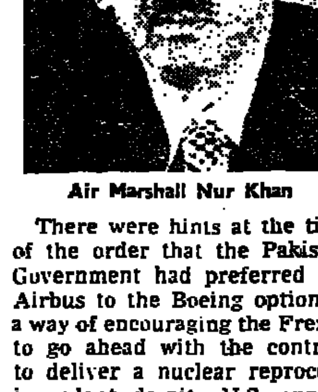
But all is not plain sailing. PIA faces a basic problem: although it is the airline of a developing country it has set itself to match the standards of other airlines which draw on countries with a highly sophisticated infrastructure. The passenger on PIA walks into another world as soon as he steps off the airliner, a world of overcrowded and ill-equipped airports, poor handling facilities, and delegation of responsibility down a seemingly endless line. But in the passenger's mind how he is handled in the airport and how he is handled in the air are often linked, and PIA is aware that its reputation can be tarnished by the repeated failure of the Government to sustain its own growth with adequate complementary investment.

Nur Khan returns repeatedly to this point. The airline has become so dissatisfied that it has sunk its own money in upgrading provincial airports to take jets and in installing better terminal facilities in Karachi—it will recover its money from the civil aviation authority through a share of landing fees.

The airline also faces a quasi-permanent problem of loss of manpower to the Arab world and to south-east Asia. At one stage the director in charge of personnel complained that no fewer than nine categories of worker were unavailable. The losses run from pilots (Saudi tempts them with offers of $4,000-a-month salary plus house and car) to engineers, cooks and handling officers. Some senior managers could virtually write their own terms for moving to the Gulf.

A further difficulty is the need to carry loss-making domestic operations, even though growth here has averaged 20 per cent and local feeder-routes cannot be separated completely from international with justification. Despite a recent increase, fares are cheap—the air fare from Rawalpindi into the spectacular Karakoram range around Gilgit, an hour's flight away, costs less than the bus fare.


PIA has so far bought two Boeing 747's with at least one more to follow next year


Air Marshall Nur Khan

The backbone of this service is the fleet of Fokker Friendships which this year is expected to lose $1.5m. Both DC-10s and 747s are used on the more profitable domestic trunk routes—the Karachi-Lahore service carried some 350,000 people last year.

Finally, to some extent the airline has been caught short by the speed of its own growth: it has had to lease six 707s to boost its capacity—an expensive expedient.

Traffic

The new expansion plans entail a heavy programme of investment. In the period up to 1981, during which a 20 per cent annual traffic increase is expected on scheduled services, investment in aircraft will amount to some $380m and in facilities to some $75m. The present fleet consists of two 747s being bought from TAP; four DC-10s; 12 Boeing 707s or 720s; and eight Fokker F27 Friendships. There are also the six leased Boeings and one leased freighter.

Confirmed orders are for one 747 to arrive in July 1979 (and to be maintained entirely by PIA) and for three Airbuses to be delivered in March 1980 and one more later in the year. Options are for two more 747s and 6 Airbuses.

The Airbus choice was a difficult one to make. There were strong feelings in the airline that it would be wrong to add a new aircraft type to the fleet and that a wiser decision would have been to opt for adding more 747s. However, the Airbus was the only specifically short-haul wide-bodied aircraft and the financial package was attractive. The drawback is that it has a critical range on some routes and is unable to take off from some airports in extremely hot temperatures with a full load.

There were hints at the time of the order that the Pakistan Government had preferred the Airbus to the Boeing option as a way of encouraging the French to go ahead with the contract to deliver a nuclear reprocessing plant despite U.S. opposition. Since it is not sure whether the new safeguards insisted upon by France are acceptable to Pakistan there remains the possibility that Islamabad may decide to cancel contracts awarded to French concerns in retaliation. At the moment the situation is confused.

On the other hand, since the main opposition to the contract came from the U.S. it would hardly be logical to switch an order from France to the U.S. by reverting to Boeings.

PIA has two game-plans for fleet growth. If the choice is made to maximise the 747, by mid 1973 the fleet would include six Jumbos, seven Airbuses, four DC-10s, six 707/720s and 10 Fokkers. The airline will also need to buy a small number of narrow-bodied twin-jets of the 737 type.

If the Airbus is chosen as the corner-stone of the fleet by the same date there would be nine A300s but only four Jumbos while two DC-10 freighters could also have made their appearance.

Ultimately the Air Marshal contemplates dispensing with the DC-10s while the 707/720s will gradually be replaced—an expensive business since the latter are substantially written down in the books. The Fokkers will keep on flying with the job of opening up new domestic routes.

In any event the airline foresees a growth rate of 700 seats per year—translating into one Jumbo and one Airbus. By the early 1980s the big three destinations of Jeddah, Dubai and Dahran will be served by 747s while the Airbus is likely to take over Muscat, Doha and Bahrain, among others.

PIA is doing its best to catch up on infrastructure and facilities. Its reservations system will be computerised by year-end using the Atlanta-based Sita system before the airline's own $10m computer system takes over later on. Money is being spent on a new Karachi city terminal and on a Jumbo hanger. The pilot training programme should have caught up with demand by 1980-81. A semi-automatic cargo complex is being constructed at Karachi and a pre-fabricated passenger terminal to take some of the misery out of domestic flights was recently completed.

Air Marshal Nur Khan does not look like a strong man. Relatively slightly built, with something of a melancholy expression, he owes his position (he was appointed by Prime Minister Ali Bhutto, now under death sentence) to his track record as a manager and the reverential loyalty he inspires in the airline.

He does not feel he will be with the airline for much longer. "I could leave or the General (the military ruler General Zia Ul-Haq) could sack me any day," he comments. "I was willing to take the risks the first time I worked for PIA and I am willing to take the risks and the decisions now," he remarks. "But the airline needs a new personality. I'm getting a bit stale. We've got a strong management team—the question is whether a new chairman and the Government will keep it on."

Continuity of tenure has not, of course, been a recent feature of life in Pakistan.

Whether he goes or stays the Air Marshal will have left his mark on the airline. He has carried a poor country's flag into a field of high technology at a time when the country itself has suffered successive jolts to its pride and confidence. Perhaps his greatest success will lie in what happens after his retirement. He has set the next challenge. Whether the airline can rise to it without his own supervision will be the ultimate test of his record and Government recognition of the airline's national importance.

Making the MOST out of work study measurement

AMID ALL the slanging over Ford's pay dispute, one issue to emerge from the Dagenham shop stewards must be particularly familiar on many a shop floor: work study measurement. Replying to accusations that they were less productive than their European counterparts, the shop stewards complained that the workforce was consistently being subjected to work study.

A work study team can sometimes be the most unpopular people in any factory, especially if they are seen as "snooping" as they wend their way with stopwatch and clipboard.

As the emphasis on productivity deals, bogus or otherwise, is stepped up in this wage-round, H. B. Maynard, the management consultants, have just displayed a fine sense of timing by launching what they describe as a revolutionary development in work measurement.

Maynards claims that their new system, which they have spent eight years developing, can help increase productivity without upsetting industrial relations, and that it does not need a stopwatch. Called MOST—Maynard Operation Sequence Technique—the system was first used in Saab-Scania, the Swedish motor group, in the 1960s and was first introduced in the U.S. in 1975.

The management consultants explain that the system is based on two main considerations: that manual work is performed by people following certain set motion sequences which are repeated consistently; and that the majority of tasks call for the moving of an object.

Instead of measuring individual movements, MOST concentrates on sequences of movements. These are printed on individual forms on which an observer awards marks on a scale of one to 10, according to distances moved and the complexity of the movement. The totalled index numbers give the time for the job.

Maynard make some extraordinarily bullish claims for the system: that it is 40 to 50 times as fast in application as PMTS (predetermined motion time systems); 10 times faster and as accurate as simplified PMTS; and five times faster than the most common system, Time study.

MOST has been designed for simple comprehension and operation, according to Maynards, with complicated processes capable of being analysed in one or two pages.

Its simplicity enables the system to be quickly grasped and used by both line managers and union officials, according to Maynard. It is this which the consultants claim will make it not only acceptable, but welcome, to unions—though sceptics will doubtlessly point out that what is acceptable to American unions does not necessarily go down well in Britain.

Maynard's president, Laurens van den Muyzenberg, claims that "our experience in the U.S. and at pilot installations in Europe is of productivity increases of 20 to 40 per cent following the installation of MOST in what are considered to be top manufacturing companies. This increase has been accomplished without any investment in new equipment or sweated labour."

H. B. Maynard and Co., Berkeley Square House, Berkeley Square, London, W1. Tel.: 01-491 3575.

LOMBARD

Flexible public spending

BY DAVID FREUD

THE SYSTEM developed in this country for planning and controlling public expenditure contains a most paradoxical bias. The built-in assumption is that the future can be reliably foreseen. Spending plans are drawn up on the basis of Treasury forecasts and it requires a major upheaval to alter those spending plans. Yet as post-fifties Britain has lurched from economic crisis to crisis it has become patently clear that forecasts are subject to a very wide margin of error. A system that assumes everything will go according to plan represents a considerable triumph of hope over experience.

This did not matter when the system was devised in the last century. Public expenditure represented only a small proportion of gross domestic product. However, it is now a major part of the economy and its inflexibility throws the main weight of coping with any short-term adjustments that have to be made onto the private sector.

Rigidity

There is no inherent reason why public spending should be considered sacrosanct and have absolute priority over consumer spending. Both taxation and public borrowing are treated flexibly, why should not public spending itself? Adjusting both sides of the equation would mean far less all-round disruption when there is an unexpected change in the direction of the economy.

The present rigidity of the spending system does not, of course, insulate it from cuts. But these have always come as part of the crisis measures that have been introduced with monotonous regularity every two or three years since 1960. If the system was more flexible, allowing for short-term increases or decreases in spending of between 1 and 3 per cent in specific areas, some of those crisis measures could, perhaps, have been avoided. Maybe the Chancellor would have been able to avoid this summer's funding difficulties and consequent economic package through the use of such a regulator, for instance.

Mr. Peter Vinter, a former chairman of the Public Expenditure Survey Committee, argues in the latest Lloyds Bank Reivew* that a changeover to a more flexible system can now be made fairly painlessly. It would use as a base the amalgamation, which is taking place over the next two years, of the traditional spring Estimates with the cash limits system introduced as a short-term control on expenditure in 1976.

Before a regulator could be applied effectively the amalgamated system must be developed to correspond with the practice of most large companies. In essence this means there should be monitoring profiles for cash outlays, always rolling a year ahead, and that departmental expenditure managers should be required to manage rather than regulate their expenditure. If they saw overshooting or undershooting developing they could correct it—not within the single financial year but within the 12-month rolling programme.

This would end the year-by-year approach to public spending together with the farcical rush by departments to use up surplus cash funds towards the close of each financial year.

For this and other reasons greater flexibility in spending would be widely welcomed. However, there are further requirements if we are to make the best of such a reform. The introduction of rolling programmes will take Government spending further away from the realm of the non-specialist and make public debate on specific areas of spending more unlikely.

This does not seem an enormous drawback when the present barely-existent level of discussion on spending in the Commons is considered. But in the last few years backbench committees have been working hard on making the topic of expenditure more accessible. The introduction of cash limits was seen by them as a significant step in making the Government accountable to Parliament.

Sophisticated

Rolling targets would rule out simple comparisons—which could be debated on the floor of the House—of spending against limits. The sophisticated monitoring required would inevitably put the main burden of work on the committees. But the committees could not do an effective job without specialist help. For this reason it is important that select committees are given their own staffs. This is something they have been pushing for some time, and the Government has been stalling on the issue.

After all, Mr. Vinter argues that the more flexible system would require more—and better-paid—accountants to run effectively. It would seem only fair that those responsible for monitoring what happens obtain assistance of the same calibre.

Lloyds Bank Review, October, 1978; No. 130, 71, Lombard Street, EC3.

Doing battle with Wales Gas

BY ROBIN REEVES

"THE GAS Board, like the rest of our democracy, is more sensitive to successive kicks up its backside than appeals to its better nature." So thundered the North Wales Weekly News in an editorial entitled "Time to put the boot in. . . ."

The cause of the weekly News' strongly expressed indignation was the continued refusal of Wales Gas to remove its liquid propane gas storage depot from Llandudno.

It is an issue which has raised questions not only about environmental safety, but also about the democratic accountability of nationalised industries and even the role of their advertising. It is also not the first time that Wales Gas has fallen foul of the Welsh public. A few years ago, it proposed building a large gas storage depot overlooking the South Wales valleys town of Hirwaun. But after a sustained local protest campaign, it was eventually forced to transfer the development to another site.

In this instance, the depot is well established, though its presence has long worried the residents of Llandudno. Holding up to 250 tonnes of liquid propane gas for distribution throughout the rural districts of North Wales, the depot is surrounded by houses, a school, a hospital and, last but not least, a fire station. It requires little imagination to visualise what might happen if there were to be an explosion at the depot. But, until this year at least, the majority of people in the area were inclined to accept Wales Gas assurances that such fears were without foundation.

Local attitudes were transformed by this summer's appalling campsite disaster in Spain when a tanker carrying liquid propane turned over and exploded, killing nearly 200 people. If that could happen with one tanker load, what would be the effect of a disaster involving a whole depot? And as if to underline that the Spanish horror was not a wholly exceptional incident, it was followed shortly afterwards by a liquid gas explosion in Mexico.

The message was not lost on the people of Llandudno, but the initial reaction of Wales Gas was to sit tight. Mr. Dudley Fisher, the gas board's chairman, refused a request to meet Gwynedd County Council's public protection committee to discuss the issue when it emerged that the meeting would be attended by the local Press. He relented only after the committee had acceded to his demand that the meeting be held in private, but not before the flames of protest had been fanned by a petition from local residents calling for the depot's removal and a Wales Gas decision to withdraw its advertising—worth £200 a week—from the North Wales Weekly News because of its campaigning coverage of the affair.

Wales Gas' complaint was that the News' "put the boot in" editorial amounted to inciting the people of Llandudno to violence. "Until we are satisfied there has been a return to normal standards of journalistic ethics, we have reluctantly decided to withdraw our advertising from your media," it told the Weekly News.

The Board was unimpressed by the reply that the phrases were obviously being used in their usual, figurative sense. For good measure, the board decided also to complain formally to the Press Council, where judgment on the fairness of the newspaper's coverage now rests.

Even so, Wales Gas is obviously open to the charge that it was deliberately trying to stifle public criticism of its position. And to the protest campaign over the gas depot has now been added a new row over the right of public corporations to try to censor newspapers in which they advertise. The editorial staff of every newspaper in the region is up in arms at what they view as a crude attack by a nationalised industry on their editorial freedom and integrity. One MP in the Weekly News circulation area, Mr. Dafydd Elis Thomas, MP for Merioneth, has publicly accused Wales Gas of "blackmail."

AROUND BRITAIN

LLUNDUDNO

❛ The signs are that more is at stake than one gas depot in a North Wales resort. There are similar installations in other parts of the UK, which now look less than ideally located ❜

Meanwhile, on the issue of the depot itself, Wales Gas' main defence is that nobody has been paying attention to the 100 per cent safety record since the depot first started handling liquid gas some 14 years ago. Moreover, "everything possible has been done to minimise the effects of an accident in the very, very remote possibility of one taking place," Mr. Fisher says.

"If we believed there was a real risk, we would have no hesitation in closing the depot," he adds.

Clearly, Wales Gas also regards as important that it was on the Llandudno site first. Its forebears began making town gas there more than 100 years ago, long before the houses, school, etc., were built in the vicinity. But the opponents of the depot argue that while town gas is one thing, liquid propane gas under pressure is quite another. Moreover, it is because Wales Gas was already on the site that it was able to avoid submitting the installation of the liquid gas depot to the scrutiny of the local planning authorities.

Even so, the upshot of Mr. Fisher's eventual — private — meeting with Gwynedd councillors was that the gas depot should indeed be removed to another site, provided somebody other than Wales Gas could be found to pay for it. The removal cost is estimated at £250,000 and the question of funding is now being pursued with the Welsh Office and other interested parties.

Nobody in fact doubts that Wales Gas could pay for the removal expenses out of its own resources, if it were necessary. But the signs are that more is at stake than simply one gas depot in a North Wales seaside resort. There are similar installations in other parts of the UK which, in the wake of the Spanish disaster, now look less than ideally located.

In these circumstances, Wales Gas has been in the forefront of a battle which could set a precedent for the gas industry generally.

Dom Perignon set to sparkle with top weight at Lingfield

RACING

BY DOMINIC WIGAN

WITH THE top 12 at the final declaration stage withdrawn from this afternoon's Woldingham Handicap at Lingfield, John Winter's course and distance winner, Dom Perignon, will be carrying top weight.

It is difficult to ignore his claims. The well-made Newmarket three-year-old, a bay half-brother by Sparkler to Major Green, has been in fine form recently, and seems fully entitled to his 8 stone 13 lb.

Dom Perignon beat Let Us Love by 2½ lengths here early last month, and then failed by only 1½ lengths to cope with the much improved Regalus over the same trip at Edinburgh.

I take him to get back on the winning track by beating Athenia Princess, who has proved a shade disappointing since beating Rose Track at Nottingham back in June.

Willie Carson, who partners Athenia Princess for Tom Waugh, could have better luck in the day's most valuable event, the John Sutcliffe Trophy. Here the champion jockey-elect rides Tender Heart, who would prove a popular winner since he is handled by John Sutcliffe (formerly Junior).

Tender Heart has proved himself one of the toughest juveniles in training with a succession of useful efforts in varying company. He will probably have only to reproduce the form which saw him running Avanti Carlo to two lengths at Brighton last time out, to win off his 8-stone 5-lbs mark near the foot of the handicap.

The presence of three fast improving middle distance performers—Funny Spring, Ojibway and Royal Stall—in the 1½ mile Hartfield Stakes, seems sure to produce an interesting and closely-fought affair, for which there is likely to be plenty of market activity.

Funny Spring got off the mark on this course with a clear-cut win over Avon Salmon. He followed in even better style at Ayr where he beat Cherry Picking by seven lengths. I feel reasonably hopeful that he will prove up to giving 3 lb to Ojibway, a narrow conqueror of Azd at Yarmouth last time.

LINGFIELD

2.30—Antique Seeker
3.00—Royal Tiger
3.30—Tender Heart***
4.00—Dom Perignon*
4.30—Funny Spring**
5.00—Historian
5.30—Italian Summer

HAYDOCK

2.00—Olro's Folly
2.30—Robin Hood
3.00—Prince Kelly
3.30—Repique
4.00—Hopeful Polly
4.30—Sounding Brass

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.30 For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 3.20 Glas y Dorlan. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Captain Caveman. 4.55 Crackerjack.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.45 Sportswide
7.00 Michael Bentine's Square World.
7.30 "Carry on Jack" starring Kenneth Williams.
9.00 News.
9.25 Horse of the Year Show.
10.45 Tonight—In Town (London and South-East only).
11.15 Regional News.
11.20 The Late Film: "30 is a Dangerous Age, Cynthia" starring Dudley Moore.

All Regions as BBC1 except at the following times:

Wales — 11.05-11.25 am For Schools. 1.45-2.00 pm Nant-y-pant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.30-8.00 Cawl a Chan. 8.00 Dad's Army. 8.30-9.00 Michael Bentine's Square World. 10.45 Kane on Friday. 11.15-11.20 News for Wales.

Scotland—10.23-10.43 am For Schools. 5.55-6.20 Reporting Scotland. 10.45 Tormod Air Telly: The Norman MacLean Show. 11.15-11.20 News for Scotland.

Northern Ireland — 10.23-10.43 am For Schools (Ulster in Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45 Star Brass. 11.15-11.20 News for Northern Ireland.

BBC 2

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.45-11.15 East (Norwich) Time Slip 2; Midlands (Birmingham) Band on the Run; North (Leeds) Close-up North; North East (Newcastle) Friday North; North West (Manchester) Home Ground; South (Southampton) Report South; South West (Plymouth) Peninsula; West (Bristol) The Bristol Packet.

6.40-7.55 am Open University.
9.30 Labour Party Conference.
11.00 Play School.
11.25 Labour Party Conference.
2.00 pm Tennis: Davis Cup Semi-final: Great Britain v Australia.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Children's Wardrobe.
7.30 News on 2.
7.35 Tennis: Great Britain v Australia (highlights).
8.05 Top Crown.
8.20 Wuthering Heights.
9.25 Selected Horizons.
10.15 Sounds Like Friday.
10.55 Late News on 2
11.10 Rock Goes to College featuring Cado Belle.
11.50 Closedown (reading).

LONDON

9.30 am Schools Programmes. 12.00 Song Book. 12.10 am Rainbow. 12.30 Golf: The Dunlop Masters. 1.00 News plus FT index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 Money-Go-Round. 2.25 Labour Party Conference. 3.00 Golf. 4.15 The Flockton Flyer. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 Mixed Blessings.
7.30 The Rag Trade.
8.00 3-2-1.
9.00 The Foundation.
10.00 News.
10.30 Soap.
11.00 Golf: Dunlop Masters.
11.30 Police 5.
11.40 Baretta.
12.40 am Close . with a Russian painting and musical background by Borodin.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 5.15 Bygones. 6.00 About Anglia. 10.30 Probe. 11.30 "Dracula" starring Stanley Baker. 1.15 am Women Who Matter.

ATV

1.20 pm ATV Newsdesk. 5.15 Happy Days. 6.00 ATV Today. 11.30 The Creature Feature: "Don't Be Afraid of the Dark."

BORDER

†1.20 pm Border News. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Cooper—Just Like That. 10.30 Firehouse. 11.30 Barnaby Jones. 12.25 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 1.30 Crown Court. 5.15 Emmerdale Farm. 6.00 Report At Six. 6.35 The Lost Islands. 10.28 Channel Late News. 10.32 The Late Movie: "Five Card Stud." 12.15 am Golf highlights—Dunlop Masters. 12.40 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.25 Top Club. 7.30 Dad's Army. 10.30 The Rag Trade. 11.30 Golf. 11.35 Westside Medical. 12.30 am Grampian Late Night Headlines followed by Road Report.

GRANADA

1.20 pm This Is Your Right. 1.30 Gambit. 5.15 This Is Your Right. 6.00 Granada Reports. 6.30 Kick Off. 10.30 Reports Extra. 11.30 Friday Film: "The Bravados," starring Gregory Peck.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 1.30 Gambit. 2.00 Women Only. 5.15 Focus On Soccer. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 10.30 Report Extra. 11.30 Code R.

HTV Cymru/Wales — As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.15-4.45 Gardd Aladin. 6.00-6.15 Y Dydd. 10.30 Letter By Letter. 11.00 Outlook. 11.45-12.15 am Golf.

HTV West — As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 1.30 Houseparty. 5.15 Gambit. 6.00 Scotland Today. 6.30 Emmerdale Farm. 7.30 Thingummyjig. 10.30 Ways and Means. 11.35 Late Call. 11.40 Richie Brockelman.

SOUTHERN

1.20 pm Southern News. 1.30 Gambit. 2.00 Women Only. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Tell me another. 10.30 Weekend. 10.35 McCloud. 11.55 Southern News Extra. 12.05 am International Golf.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 Gambit. 6.00 Northern Life and Sportstime. 10.30 The Practice. 11.30 Charlie's Angels. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 1.30 Gambit. 4.13 Ulster News Headlines. 5.15 The Beverly Hillbillies. 6.00 Reports. 6.30 Sportscast. 10.30 Stars On Ice. 11.30 Charlie's Angels. 12.25 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.30 Crown Court. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 10.28 Westward Late News. 10.30 The Late Movie: "Five Card Stud," starring Robert Mitchum and Dean Martin. 12.15 am Golf highlights—Dunlop Masters. 12.40 Faith For Life.

YORKSHIRE

1.20 pm Calendar News. 5.15 Happy Days. 6.00 Calendar (Emley Moor and Belmont editions). 6.35 Calendar Sport. 10.30 An Audience with Jasper Carrott. 11.30 "The Return of Joe Forrester," starring Lloyd Bridges.

RADIO 1 247m

(s) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Peter Powell. 4.31 Kid Jensen. 7.30 Barn Dance [illegible] Radio 2. 10.02 John Peel (s). 12.00-2.02 As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2 including 1.55 pm Good Listening. 2.30 David Hamilton [illegible] 4.50 [illegible] 7.02 [illegible] 10.00 With Radio 1. 12.00-2.02 am With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 [illegible] including 6.15 Pause for Thought. 7.32 Terry Wogan [illegible] 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (s) including 1.45 Sports Desk. 2.30 Tennis Special: Davis Cup—England v Australia. 7.02 Barn Dance in Radio 2 Ballroom (s). 8.02 Radio 2 Gala: Friday Night Is Music Night (s) part 1. 8.25 [illegible] 8.45 Friday Night [illegible] 9.55 Sports Desk. [illegible] 11.05 [illegible] Midnight [illegible] am News Summary.

RADIO 3 464m, Stereo & VHF

[illegible]

Radio 3 VHF only—6.00-6.55 am, 5.45-7.30 pm [illegible]

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today, Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. [illegible] J. M. Barrie—A Reminiscence. 4.35 Story Time. 5.00 PM News magazine. 5.55 Weather; programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick Of The Week from BBC Radio and Television (s). 8.10 Profile. 8.30 Any Questions? 9.15 Letter From America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (s). 10.55 Fritz On Friday with Fritz Spiegl. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

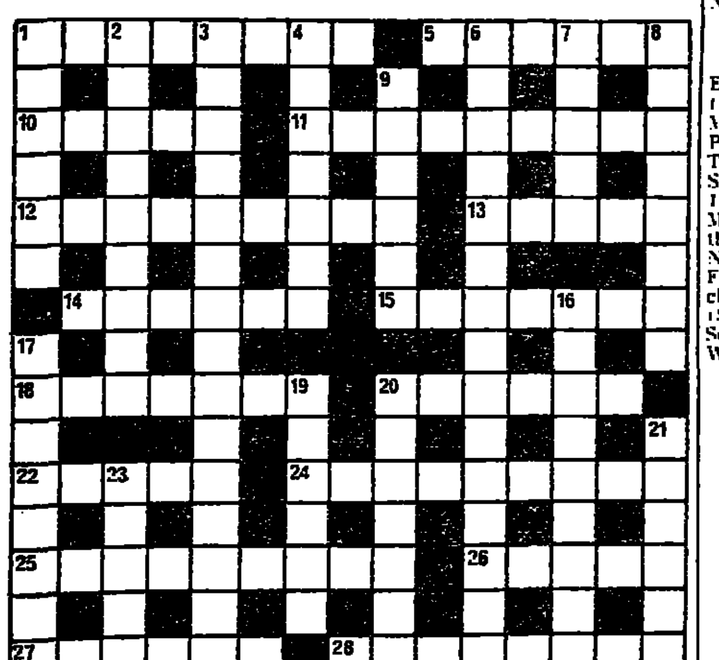
5.00 am Morning Music. 6.00 AM: non-stop news, information, travel, sport. [illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,789



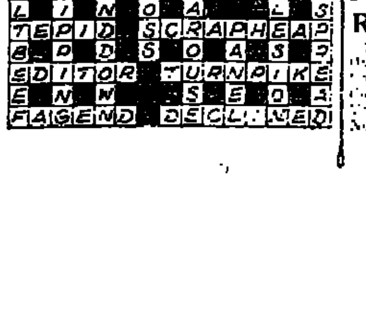
ACROSS

1 Excursionist from the south should make a good take-off (8)
5 Method of printing but not on film location (6)
10 Disconcert the top class (5)
11 Policy in favour of metrication (9)
12 Waters reached from S.E. bearing (6, 3)
13 Listen to start of the pump (5)
14 Failed to catch young lady going to editor (6)
15 Know about desire in Cook's territory (7)
18 Convulsive spasm in late network (7)
20 Comment about saint (6)
22 Crash giving pain round top of ribs (5)
24 Small type of sketch that is always at hand (9)
25 No matter, who cares! (5, 4)
26 I do it this way, being a fool (5)
27 Story-book of skill (6)
28 Ignored small edition (8)

DOWN

1 Small and thickset tail-end gets by (6)
2 Self-control shown by coach in interval (9)
3 Touch and comprehend precisely (3, 4, 6, 2)
4 Brought to light as a film may be (7)
6 Meanwhile, it could be now temporarily (3, 3, 4, 5)
7 South American doctor takes a dance (5)
8 Standing round and processing (8)
9 Indian doctor and bird (6)
16 Shirt able to be modified for a chemist (9)
17 Don't fall we hear but a boy-scout should be able to make it (4-4)
19 Involve turning north-east and follow (6)
20 Dance about with the Spanish (7)
21 Jubilant in the late dance (6)
23 Unusually vain learner is often struck (5)

SOLUTION TO PUZZLE No. 3,788



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA [illegible]

THEATRES

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LYRIC THEATRE. 01-437 3686. Evs. 8.00. Mat. Thurs. 3.00. Sat. 5.00 and 8.30. [illegible]

WAREHOUSE. Donmar Theatre, Covent Garden. 836 6808. Royal Shakespeare Company. Ton't 8.00 Stephen Poliakoff's SHOUT ACROSS THE RIVER. "Outstanding production." F. Times. All seats £1.80. Adv. bkgs. Aldwych. Student standby £1.

[illegible]

CINEMAS

[illegible]

CLUBS

[illegible]

ART GALLERIES

[illegible]

CLASSIFIED ADVERTISEMENT RATES

[illegible]

Classified Advertisement Manager, Financial Times, 10, Cannon Street, EC4P 4BY

Cinema

Powell the perceptive prophet

by NIGEL ANDREWS

Michael Powell National Film Theatre
The Driver (A) ABC Shaftesbury Avenue
Hollywood on Trial ICA
The Odd Job (A) Columbia

Britain is not so rich in great film directors that it can afford to ignore plausible claimants to that title. Those unduly cynical might suggest that great British directors can be counted on the fingers of one finger, Alfred Hitchcock; and that even he has spent the last forty years in America, most of them as an American citizen.

In fact, there has been a cinematic genius living in our midst since the 1930s, but it has taken a country of Britain's critical myopia not to recognise him as such. Michael Powell is the film-maker who, mostly in collaboration with Hungarian-born writer-director Emeric Pressburger, made such movies as *The Spy in Black*, *The Thief of Baghdad*, *The Life and Death of Colonel Blimp*, *A Matter of Life and Death*, *Black Narcissus*, *The Red Shoes* and *Peeping Tom*.

"Such films as" is an odd phrase when applied to such a head-spinning rag-bag of entertainments as the above, but Powell's genius lay in his ability to express a personal vision through a vast range of subjects. To my mind he is not only this country's greatest director—occupying a throne voluntarily relinquished by Hitchcock in the 1930s — but he is also the cinema's most perceptive, prophetic analyst of British character. Prophets are proverbially doomed to a cool reception in their own countries; but years of critical disregard are now partly atoned for by a full-scale retrospective at the National Film Theatre. Better late than never, but still rather late: and I'm not sure that a season of Powell's work should not be permanently on view, in patriotic repertory, the cinema's equivalent of the Royal Shakespeare Company.

If anyone thinks I am being reckless in my enthusiasm, let him turn up at the NFT most evenings during the next month and see for himself. What no one could dispute is that Powell is a dazzling stylist. He bent the almost intractable resources of early Technicolor to his own artistic purposes, and films like *A Matter of Life and Death*, *Black Narcissus*, and *The Red Shoes* are feasts of colour: never crudely applied, their exuberance always harnessed to the meaning of the shot or the sequence. Powell owns, among other foibles, to being an opera fanatic, and something of the delirious folly of opera as an art form communicates itself to his films. Where so much British cinema is characterised by a dour, chastened understatement—the Grierson documentary and its heritage—Powell's hyperbolic vision is like a freshening hurricane.

What *are* the ideas and personality that link films as diverse as *The Red Shoes* and *I Know Where I'm Going*, *The Small Back Room* and *Tales From Hoffman*, *The Battle of the River Plate* and *Peeping Tom*? Powell's strength is his insight into the British character, and his ability at once to identify with it and to satirise it. His 158-minute portrait of that great British archetype *Colonel Blimp*, for example (newly restored by the British Film Archive from a standard version two-thirds that length), begins as a recreation, precise to the last droop of the moustache and twinkle of the bald pate, of Davis Low's wartime caricature of British jingoism. But by a subtle process of humanisation, using flashbacks to Blimp's youth, Powell at once "explains" and vindicates many of Blimp's attitudes. The film hit, or threatened to hit, so many tender nerves in 1943 that Churchill wanted its production halted and sent out copious memos to that effect. But Powell's film rode out the political storm and proved itself at once much less and much more than a vitriolic squib thrown at the Establishment.

I could go on about Powell, and often I have to be tied down to be prevented from doing so. But there is space here only to urge you to frequent the season, and to join in the work of revaluing and reinstating the British cinema's greatest neglected genius.

★

Of the hundred-and-one ways to smash up an automobile, you would suppose that the cinema had left few unexplored. You would be wrong: happily or unhappily, according to taste. Walter Hill's *The Driver* is a compendium of novel techniques in auto destruction which stars Ryan O'Neal as a professional getaway driver. Not just *a* driver, furthermore, but *The* Driver: since this is a film that trades in weighty archetypes and gives its characters no personal names. Bruce Dern plays "The Detective," for instance, and Isabelle Adjani as the girl who floats between the two men giving or withholding information (Dern is trying to track down and capture O'Neal) plays "The Player." Writer-director Hill, who made *The Streetfighter*, has an obvious fondness for the Hollywood *film noir* and swathes this movie in Stygian gloom. One suspects that it could, and perhaps more properly should, have been made in the 1940s: with Alan Ladd or John Garfield as The Driver, Veronica Lake as The Player and Hume Cronyn, mean and toothsome like Mr. Dern, as The Detective.

All that distinguishes it from a '40s film, indeed, is the plethora of car chases, and these leap forth as dazzling but irrelevant set-pieces in a film whose central story of bluff and counter-bluff is wholly self-sufficient without them. Admittedly, "car chase" is not quite the term for the best action scene in the film: in which O'Neal scornfully displays his expertise to two men wishing to hire his services by driving them around an underground car park at 80 mph and breaking every breakable part of the car short of inflicting structural damage. But this one-man demolition derby merely adds to one's confusion about the kind of film one is supposed to be watching. I don't think Hill himself made up his mind on the matter. *The Driver* is an amiable but unsalvageably hybrid Hollywood thriller, hedging its box-office bets by trying to be a *film noir* and an action spectacle at the same time.

★

David Helpern Jnr's *Hollywood on Trial* is a feature-length documentary about the American film industry's embroilment in the post-war anti-Communist witch-hunts. Footage from the original hearings before the House UnAmerican Activities Committee are cross-cut with interviews with surviving members of the "Hollywood Ten": the ten film-makers who were questioned on their association with the Communist Party and, refusing to answer with a straight yes or no, incurred "contempt" charges and were sent to prison for a year. (They were thereafter blacklisted by Hollywood until well into the 1960s.) Among them are screenwriter Dalton Trumbo, who has remained steadfastly and vocally anti-HUAC and anti-McCarthy, director Edward Dmytryk, who after release from prison gave information to the hearings (his feelings on Communism, he says, had changed), and between these extremes such varied Hollywood luminaries as Ring Lardner Jnr, Lester Cole, Alvah Bessie and Albert Maltz.

It is a fascinating film: not least for its early glimpses of high-ranking Hollywood actors and producers faltering their way through the real-life drama of political cross-examination. Gary Cooper is there, in his Mr. Deeds persona, telling the committee "I am an actor (giggle)" and confiding to them that Communism, in his mind, is "not on the level." Jack L. Warner gets hopelessly tied up trying to enunciate "ideological termites" from a scripted speech. Louis B. Mayer gets tetchy. And Robert Taylor is suave, handsome and lifeless, as if he had delegated a substitute from Madame Tussauds. Funny, cautionary and compulsively watchable, the film shows at the ICA from next week.

★

Finally and briefly, *The Odd Job*. This woebegone British farce stars Graham Chapman, former Monty Python stalwart, as a London businessman driven to thoughts of suicide when his wife leaves him. He hires an "odd-job" (David Jason) to murder him — at any moment of the man's choosing — only stipulating that the murder must be swift and unexpected. Unfortunately, Chapman changes his mind about dying, but cannot convince his would-be assassin that the contract is off.

Cue for an ongoing farcical situation, one would think, with many misunderstandings and comically abortive murder attempts. Unfortunately the film prefers to run about like a decapitated chicken, flapping its wings and making vestigal squawks, and displaying no sense of direction whatever. Chapman has some good moments of *distrait* pomposity, and David Jason, pop eyes and Liverpudlian accent emerging from a huge trenchcoat, is almost funny as the assassin. But the rest, co-written by Chapman and Bernard McKenna and directed by Peter Medak, is undisguisedly terrible.

Deborah Kerr and Roger Livesey in 'The Life and Death of Colonel Blimp'

Festival Hall

Daniel Chorzempa

by NICHOLAS KENYON

We have heard all too little of Daniel Chorzempa's idiosyncratic music-making in this country recently. After a spell of over-exposure nearly 10 years ago, when he became known to English Bach Festival and Prom audiences as a brilliant virtuoso organist with the fastest Bach D major Fugue in the business, he has been travelling the world—not only as an organist, but as a pianist, a composer (trained in the electronic studios at Cologne) and a director.

Perhaps the reputation for flamboyance is one that Chorzempa has come to dislike. At any rate, his early evening recital on Wednesday at the Festival Hall was a rigorously disciplined affair. The discipline suited Bach's C minor Prelude and Fugue admirably: a deliberately paced performance allowed the full weight of the antiphonal chords in the prelude to be heard (Chorzempa is a master of the precisely-timed release of the organ keys), and enhanced the accumulated weight of the five-part counterpoint in the slightly dry fugue.

Four of Schumann's Fugues on B-A-C-H were also tightly controlled, soberly restrained (even the chirrupy little scherzo version of the theme), but here a little more relaxation might have been in order. And welcome though it was to hear the meandering prolixities of Cesar Franck's *Fantaisie en la* played for once without any sentimentality and with absolute clarity of texture, Chorzempa provided a curiously un-atmospheric view of the piece—the strength of purpose he found in the Bach was inevitably absent here, and a sensitive moulding of each phrase could not entirely compensate. Even Franck's *Piece heroique* was turned into a muted affirmation, noble but not impassioned.

Postscript: as the new Festival Hall organ recital season starts, it is good to notice that a new flexibility has entered the programmes, and that the obligatory Bach seems to have disappeared: the menu for Herman Berlinski's appearance on November 8 is positively outlandish. Excellent.

Leningrad Philharmonic

by DAVID MURRAY

There was an unaccustomed hard glare about Wagner's *Meistersinger Overture* on Wednesday, though few in the audience will have taken it for Berlioz's "Roman Carnival." (The posters about the hall still promised the latter work; the programmes got it right, but yet again the Festival Hall ran out of them before the concert began.) Whether that represented the Russian manner in Wagner, or the particular Leningrad sound, or just the style of the conductor, Mariss Jansons, was hard to say. Certainly the Leningrad Philharmonic is a stiffly disciplined body, and its trombones have a menacing snarl. They all play with precise collective intensity — the sharp-focus unanimity of the cellos and basses was notable — and (under Jansons, at least) an absolute minimum of nuances.

In Chaikovsky's Violin Concerto the soloist was Victor Tretiakov, sweet and even of tone, holding the lyrical centre of things quite alone. Such assistance as Jansons gave him was ill judged. In one way the conductor was too scrupulous, banking the orchestral fires as if every solo note were too precious to risk covering; in anther, he was an unsympathetic time-keeper, his inflexible beat regularly braking any excitable surge by the soloist. Anyone who expected a riot of Slavic passion, even in the Finale, must have been disappointed.

The Fifth Symphony of Shostakovich showed Jansons in a better light. It was rigidly expounded, and allowed to melt nowhere; but the icy conviction of the reading was impressive. The tempo-relations were sometimes surprising, but they were sharply effective—though surely the tension ought to be relaxed at the close of the first movement more than it was here. No snooks were cocked in the Scherzo, which wore a fixed grimace. The orchestral textures —"strata," rather, as with rocks —were made flawlessly lucid throughout. Jansons displayed a beadily perceptive view of the work, and its cheerless impact was remarkably strong. What ever happened to Soviet optimism?

Moroni exhibition at the National

The first-ever exhibition specifically on the works of Giovanni Battista Moroni opens at the National Gallery on November 8, and continues until January 14. It commemorates the 400th anniversary of the death of this North Italian painter.

Moroni, who became a local hero almost immediately after his death, worked mainly in Bergamo and Brescia. The exhibition will concentrate on his portraiture, at which he excelled.

Vaudeville

An Evening with Dave Allen

by B. A. YOUNG

Leonard Burt

Dave Allen

I suppose most of the people likely to be tempted to an evening with Dave Allen will know already what he is like and what he does, and the stage show is much like the TV, except that he does it longer, more than two hours on the trot. For those who need to be put into the picture, he strides on to an empty stage surrounded by black drapes, thanks us for applauding his entry and, standing sideways-on so that he can lean his left elbow on the microphone stand, gives us through a microphone his simple, disrespectful ideas about whatever seems to come into his mind. He gives us his ideas about drink, statisticians, television advertisements, mothers, sex aids, men with their flies open, conformity, dogs, farts, politicians, racialism, Ian Paisley, the Irish, the Jews, birth control, the Pope, the Queen, God, the Old Testament and so on. He has an explosive delivery that sends the t's and p's popping out of the speakers like backfires. You might describe his choice as the subjects of a typical saloon-bar conversation, and his treatment is a saloon-bar treatment, never intellectual, seldom witty, often abusive, pouncing sharply on tempting ambiguities, occasionally venturing on an anecdote, one of which I remember from a film shortly after the war, scripted I think by T. E. B. Clarke.

If you want to gauge the standard of taste, I must report that there is a good deal of reference to the less public parts of the body and their functions, and that almost at the moment when Pope John Paul was being laid in his tomb a lot of merriment was made about Popes. We should have a black Pope, says Mr. Allen, Pope Rastus I.

The standards are not those by which I choose to live, but no doubt I am old-fashioned, for the audience giggled, guffawed and even clapped as if we were all in some great saloon-bar together mocking the events of the day. An evening with Dave Allen is clearly just the thing for those who believe that mockery is the only acceptable reaction to life. Myself, I would as soon have an evening with Clive Jenkins.

Theatre Royal, Nottingham

Die Zauberflöte

by RONALD CRICHTON

To tour the Glyndebourne *Zauberflöte*, new last season, with David Hockney's dazzling quick-change gauzes and drop curtains, was a brave decision. The older and larger theatres in the regions, though some of them (the Nottingham Theatre Royal being a shining example) have been modernised, are hardly staffed or equipped to cope with such a show as this. In Nottingham the risk paid off. On Wednesday *Zauberflöte* went without visible hitch. And at least until it is cast with a bunch of major talents (something like this summer's galaxy at Salzburg) unlikely to fall within Glyndebourne's grasp, this production's strong visual impact will be the deciding factor.

There are few artists working in the theatre today, whether painters or full-time stage designers, capable of making and producing anything so continuously stimulating. But the Hockney designs do not make an easy background for young singers with still-developing personalities. Wednesday's cast (there are alternatives for most of the leading roles) did pretty well on the whole. Though his entrance is killed by a too brilliant red cloth draping the hinder parts of the lion drawing his chariot, Willard White's nobly sung and spoken Sarastro would grace any company. As the Speaker of the Temple who expounds Sarastro's doctrines, Henry Herford showed that great weight of tone is not necessary when the understanding is there.

For the rest, the Glyndebourne virtues of thorough preparation were at hand. The Queen of the Night was an American visitor, Sunny Joy Langton, one half of an exchange scheme between Glyndebourne Touring Opera and Houston—the English baritone Phillip Bromley will spend some months with Houston Grand Opera this winter. Miss Langton released her fireworks with limpid accuracy, but the result was more soothing than evil or dramatic. Richard Jackson's Papageno, most sensitively sung, sought in vain for the natural comic quality needed to put over Schikaneder's hoary but nearly indestructible jokes, a quality more likely to be found in a music-hall comedian than in cultivated singers like Mr. Jackson.

The Tamino and Pamina were recent prizewinners. Richard Berkeley Steele (Leverhulme Award, 1976) bore himself well and knew the part thoroughly but was hindered by a lack of body in the tone. Helen Walker (GTO Singers Award, 1977) has plenty of voice and except that the tone never really cleared, used it to musical effect. She needs to relax: Pamina is a deep girl but there is fun in her too. Miss Walker's smiles were few and shy. The trios of Queen's Ladies and Spirits (the latter still in their ghastly gym-kit) has been improved and partly changed since the Festival. The chorus was precariously balanced. Both in *Cosi* the previous evening and in *Die Zauberflöte* one lusty soprano kept on catching the ear—probably a matter of placing.

Guus Mostart has reproduced John Cox's staging for the tour. One suspects that Mr. Cox's main work in this case was done in the various phases of collaboration with the designer—to an unusual extent, the designs are the production, but movements and groupings looked more positive than they did on the Glyndebourne first night. Nicholas Braithwaite conducted the Bournemouth Sinfonietta. The playing had merits not always found under touring conditions—precise, well-tuned chording (vital to this opera) high among them. That there was little sparkle or tenderness may have been the fault of the Theatre Royal acoustics, which from the stalls are terribly dry. Leisurely tempos which under other circumstances might be revealing are better avoided—they sound plodding. Even in fractional pauses the sound is abruptly cut off: musical commas become full stops.

Cologne

Moses und Aron

by ELIZABETH FORBES

With one of the finest choruses in Germany and an orchestra—especially since John Pritchard took over as chief conductor—responsive to the most stringent demands made on it, Cologne City Opera is better equipped to tackle Schoenberg's intransigent masterpiece than many other larger or grander opera houses. By lifting the conflict (if such it can be called) between Moses and Aaron from its biblical context, Hans Neugebauer, the producer, has sought to universalise the irreconcilable differences in the two men's characters that lie at the heart of Schoenberg's opera.

Certainly the problem posed by the unfinished state of the last act is underlined by this production. Though the programme prints the entire text of Act 3, with its final victory for Moses, the performance stops short at the end of Act 2, with Aaron in the ascendancy; one is left with the suspicion that Schoenberg himself feared what Herr Neugebauer so ably demonstrates: the glib-tongued Aarons of this world usually triumph over their worthier but tongue-tied brethren. Moses' despairing cry, "O word, thou word, that I lack" makes a shattering climax in this context.

Achim Freyer sets the work in a square, sand-coloured box: not only the canvas walls of the box but the entire cast's clothes — neat business suits or blouses and skirts — wigs and make-up are also a sandy shade that the lighting, masterly throughout, turns to gold during the second act. Apart from a few props, a cable-drum, a fallen telegraph pole, a heap of planks and the pedestal bearing the Golden Calf, the stage is bare. The chorus tends to hug the walls of the box, except in moments of particular tension; movements are stylised, though in the drunken and erotic orgies explicit enough. Naked virgins cause few eyebrows to rise these days, and shocks must be more subtly administered, as when the Elders (seven representing 70) temporarily abandon their card game and, deputising for the Tribal Chiefs, strangle the Youth with their neck-ties.

Aaron performs his miracles with barely-concealed scorn for the credulity of a people that can be taken in by such obvious conjuring tricks. Moses, reluctantly parting with his walking stick or obediently holding up his leprous hand, is visibly appalled but powerless to stop Aaron when he himself has failed to convert the people to his unimaginable God. The protagonists are strongly cast: William Lewis as Aaron presents the perfect adman or deferential PRO, assured, never at a loss for the appropriate word. He sings his intricate, marvellously expressive vocal line with apparent ease, negotiating the high tessitura securely and projecting his words clearly.

As Moses, Rolf Boysen also gets the text across with force and clarity. His speech, heightened almost to the quality of chant, more flexible than that of some of his predecessors in the role, is not therefore the less impressive. None of the other soloists has much chance to shine individually, but Barbara Daniels (a young girl), Jean van Ree (a young man) and Takao Okamura (a priest) make the most of their opportunities. The chorus sings with energy, accuracy and precision; the various strands of vocal line remain amazingly clear and unmuddied. The same qualities apply to the orchestral texture, often-delicate, frequently searing in its intensity, always limpid. John Pritchard, on whose close rapport with Cologne's Gürzenich Orchestra I have commented before, works a miracle with his baton far outclassing any attempted by Aaron.

Casting for Pinter's 'Betrayal'

Harold Pinter's new play *Betrayal*, will open in the Lyttelton Theatre on November 15 (previews, November 10, 11, 13, 14). Michael Gambon has been engaged to join Daniel Massey and Penelope Wilton in the principal roles, in a production to be directed by Peter Hall and designed by John Bury.

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Dollar doubts intensify

THE RENEWED fall in the dollar in the last few days is potentially the most disturbing development in the whole protracted crisis of the U.S. currency, because for the first time it is taking place against a background of reasonably determined domestic action in the U.S. to correct the situation. It now seems that persistent portfolio switching by central banks outside the main industrial countries—mainly by some Communist countries and some in the developing world—is partly responsible for the persistent selling pressure. This is being met. reluctantly, by renewed intervention by the countries most concerned with the over-valuation of their currencies; but as experience with sterling has shown. portfolio pressure is hard to stop.

Unsophisticated

As with sterling, portfolio selling has developed remarkably late, and when the currency concerned appears if anything undervalued; but unfortunately the trouble is not being caused by sophisticated speculators, who might be expected to change their view rapidly as new evidence appears. The authorities concerned have had the unhappy experience of watching the value of their dollar reserves fall heavily over recent years, and are naturally anxious to reduce their exposure to risk in any one currency.

In addition, their reserve needs have changed. Curren- the dollar are now pegged to the dollar are now pledged to the SDR or to some other unit defined in terms of a basket of currencies, and these currencies may be required for intervention. In addition there is a growing weight of international debt denominated in currencies other than the dollar—partly the result of efforts by strong-currency countries to encourage capital outflows. Reserves must partly reflect debt obligations.

For all these reasons, portfolio selling pressure is likely to persist unless the prospect for the U.S. balance of payments is transformed dramatically enough to lend some speculative attraction to the currency—just as an improving oil prospect, coupled with the availablity of high domestic interest rates, brought the switch out of sterling to a sudden halt at the very time when it became official policy to run down sterling's reserve role. The present market situation means that the need for a turn-round in U.S. performance is considerably more urgent than before.

In fact, of course, the new market situation has already had a considerable impact on the U.S. domestic scene. Up to the spring of this year the rapid and persistent rise in total foreign holdings of dollars meant that U.S. official debt could largely be sold overseas, and there was little pressure on domestic interest rates. In more recent months the net flow appears to have slowed to a trickle, as continuing intervention by some strong-currency countries has been matched by portfolio sales. U.S. official debt previously sold abroad now has to be sold to domestic buyers and this borrowing, as much as the mature economic boom, is driving up interest rates in New York.

If in these circumstances the Federal Reserve Board could be relied upon to pursue its declared monetary policies regardless of the consequences for interest rates, international financial pressures would in due course secure the deflation of the U.S. economy which is necessary to push the balance of payments out of deficit. The financial balance would right itself after a period of acute discomfort. However, this is neither likely nor, from the point of view of the real economy, desirable. A sudden deflation enforced by an essentially financial crisis would not suit the U.S. or its trading partners.

Unfortunate

Since the central banks which are diversifying are small, intervention by a few strong economies can no doubt continue on a scale sufficient to slow the dollar's decline: but the results are unfortunate. Switzerland, for example, has now been forced into a declared and highly uncharacteristic policy of monetary expansion, and Japan is pursuing a still more active foreign lending policy. These measures are potentially inflationary, and add to the pressure for portfolio switching and the ease with which it can be achieved. Proposals to tackle the problem of the dollar's reserve role in a more orderly way through the International Monetary Fund, widely canvassed two or three years ago, have largely been forgotten: but it may soon be time to start thinking again about possible long-term solutions.

Priorities in world steel

THIS WEEK'S meeting of the International Iron and Steel Institute in the U.S. has provided another opportunity for the American steelmakers to wave the big stick at their foreign competitors. The main target has been the Europeans who, it is alleged, have been engaged in irresponsible price-cutting in order to obtain extra business in the U.S. The Americans have called for greater discipline, warning that unless the Europeans mend their ways a series of anti-dumping actions will be launched. The Japanese have suggested that a way out of the impasse might be an extended system of voluntary restraint agreements between Japan, the U.S., and Western Europe.

Unfair

In this debate the Americans present themselves as the injured parties, playing the game according to the rules while their overseas rivals are taking advantage of them through unfair trading practices. This is a misleading picture. In the first place, it is not the case that the sale of cheap foreign steel in the U.S. has been made possible by Government subsidies. A study by the Carter Administration's Council on Wage and Price Stability showed that, outside the UK, the amount of subsidy paid to steelmakers by foreign governments was not significant and certainly not an important factor behind the growth of steel imports into the U.S.

Second, one of the potentially disruptive elements in the situation is the U.S. Antidumping Act which, as amended in 1974, uses a different definition of fair pricing from that which is generally accepted by other countries. If home market prices in the exporter's own country are below average production costs (as can easily happen during a severe recession), the Act requires that the fair value of exports should be calculated as the sum of direct production costs, 10 per cent overhead and profit equal to 8 per cent of total costs. As has been pointed out by Mr. Robert Crandall, the economist who wrote the report on the industry for the Council on Wage and Price Stability, this system effectively prohibits marginal cost pricing during a recession. There are also great difficulties in obtaining accurate information on production costs.

Thirdly, the difficulties of the American steel industry cannot be wholly or even mainly attributed to imports. Even before the present recession the American industry had been suffering from sluggish growth in productivity, too much obsolete plant and inadequate profits.

The underlying problem is that the world recession has exposed the competitive weaknesses of a number of producers in the traditional steel-making countries. The outlook over the next few years is for continued over-capacity, a very slow rise in demand and further inroads by new steel-making countries in the third world. The task for the old-established steel producers, in Europe as much as in the U.S., is to adapt to these difficult circumstances, to reduce their manufacturing costs and to bring capacity into line with demand.

Adjustment

The necessary adjustments, are more likely to be brought about by competitive pressures, including price-cutting, than by international agreements which attempt to regulate volumes and prices. Voluntary restraint arrangements, designed to provide a temporary breathing space, can all too easily become permanent. As experience in textiles has shown, there is always a temptation for the importing countries to prolong and tighten the restrictions. In steel the adjustment process poses difficult social and political problems, but it is this issue, not market-sharing, which should be at the top of the industry's agenda.

NEB's ambitious new plans on the electronics front

BY MAX WILKINSON

NATIONAL ENTERPRISE or public folly? The question is certain to be raised by a new series of plans for state capitalism to move into several new and highly competitive territories of the electronics industry.

The strategy, now being drawn up by the National Enterprise Board, envisages four simultaneous thrusts into areas of business at present dominated by foreign multinationals. The plan, costing a total of perhaps £150m, will therefore be the first major test of the NEB's ability to exercise leadership in the borderlands of new technology.

It has grown out of a combination of accident and design, to create a new capacity in sections of high growth which private capital has largely failed to exploit.

It is therefore very different from the rescue operations which have taken up most of the NEB's time and money since it was founded three and a half years ago.

The electronics sector is the first for which the NEB has formulated a coherent long-term strategy, mainly because it is the sector in which it happens to have the largest number of investments.

Of its 16 subsidiaries, half can be c lassified as being in the electronic or data processing field. Out of the total portfolio of 42 companies in which the NEB has substantial shareholdings, just under 20 come into this category.

The largest of the electronics subsidiaries is Ferranti. The NEB inherited a controlling share in the company from the Government in 1976, after a rescue operation in 1975. With the help of new management. Ferranti has pulled sharply out of its nose dive. A 1975 loss of £500,000 has been turned into a pre-tax profit of £11m last year on a greatly increased turnover of £86m. In the long term Ferranti could have a central position in the NEB's strategy for electronics, but htere is no evidence as yet of any major plan to integrate it with the other companies in the NEB fold. The other large company is International Computers Limited (ICL) in which the NEB holds a 24.4 per cent stake. ICL has also been a successful example of the marriage of public money and private enterprise, but, like Ferranti it will probably be left to its own devices for the next few years.

ICL has emerged from its early difficulties to become the strongest European computer company with sales approaching £500m a year of which about half come from overseas. The cost to public funds has been £12m for the equity stake plus a £40m loan for development costs.

The NEB has taken a very passive role in the running of ICL. However it is an example of the general way in which the NEB hopes to use public money as "pump priming" to co-ordinate and stimulate the efforts of private companies in newly emerging markets. On the other hand ICL's formation out of English Electric and ICT in 1968 canont be expected to provide an exact pattern for the future. One reason is the dearth of high technology companies in the UK which could form the basis of new groupings in the four areas selected for the NEB's thrust into electronics.

These are:—

- Semiconductor integrated circuits.
- Computer programming (software).
- Computer peripheral equipment (printers, magnetic storage devices, etc).
- Office equipment.

The NEB strategy for the first two groups has already been disclosed. It intends to enter the risky market for standard mass-produced semi-conductors with a completely new subsidiary called Inmos, which it plans to fund with £50m.

The setting up of Inmos was more of a commercial accident than the result of a carefully laid policy. The NEB had been wondering for some time what, if anything, it ought to do about the integrated circuit industry, and it had come to the conclusion that one of the keys to the emerging technology lay in mass-produced standard circuits like computer memories. Unfortunately none of the three UK owned manufacturers had an *entrée* to this market, since they all concentrate on tailor-made custom circuits.

However it just happened that Dr. Dick Petritz, a Dallas venture capitalist, and two associates wanted cash to set up a new semi-conductor company. The NEB did a deal with them in surprisingly quick time. And it certainly showed flexibility in being prepared to make one or two Americans into millionaires as the entry price into a U.S.-dominated technology.

The NEB's entry into computer software has been by an entirely different route. Rather than buying U.S. expertise as in the case of Inmos, it aims to co-ordinate the talents of a number of relatively small UK companies and market their skills in America. The venture is based on the premise that programming expertise in the UK is good, and in U.S. terms, relatively cheap. However, most of the companies which sell software are used to producing tailor-made systems for individual customers. They do not have enough capital to devise standard programmes off the cuff, which could then be sold to large numbers of different customers abroad.

To fill this gap, the NEB set up a marketing company called INSAC, whose main job will be to sell abroad computer programs devised by UK companies. INSAC will not actually write programs, but it will aim to discover what programs it thinks need to be written. It will then place development contracts with one of a group of software companies which have agreed to co-operate. The NEB meanwhile is taking minority shares of generally about 27 per cent in these companies. Four companies have bten signed up so far, and negotiations with a fifth, Logica, are at an advanced stage.

If INSAC is successful it will bring new business to member companies, while at the same time building up a generally co-ordinating role over the British software industry. But its influence over the software companies in the scheme will depend entirely on its success in bringing in new business. If INSAC fails to do this, the companies will continue on their independent ways much as they did before.

Like Inmos, INSAC is a fairly risky business, and sceptics are easy to find. The main question facing both is whether the big computer groups in the U.S. will be prepared to place significant business with government-owned companies across the Atlantic. Investment in INSAC and associated companies could reach £20m, and there is always the risk that it will be money down the drain. On the other hand if it is successful the return on the investment will be very high, and the spin-off could be important.

The NEB's strategies for the other two sectors in electronics have not yet been published, although some fairly detailed plans have been made internally. The development of computer peripherals centres on the Data Recording Instrument Company (DRI) in which the NEB bought a controlling share for £5m in July, 1976. DRI makes disc drives for magnetic storage. With sales of £20m a year it is the largest independent European company in its field but is dwarfed by the major U.S. competitors like Control Data Corporation (CDC).

Because mass production is essential to profitability in this field, the most likely solution for DRI will be a link-up with a larger U.S. company, probably CDC. This might have happened without the NEB's help. However, the NEB's funds, give DRI a much stronger negotiating position, and can prevent it from simply being swallowed up by a larger company.

The fourth part of the NEB's strategy—for the office equipment industry—is in many ways the most interesting. British companies have badly failed to take advantage of the new micro-electronics technology to develop a range of new products from accounting machines and small business computers to automatic typewriters and word processors. Although the U.K. is still relatively strong in the production of copying machines and duplicators, most computer-like products have to be imported from abroad.

Moreover, the market is dominated by large multinationals like IBM, Philips and Olivetti, so that the smaller British companies now have little chance of making their presence felt in the UK, let alone of exporting. Even the UK companies which can offer a competitive product are hampered by not being able to supply a complete range of equipment comparable with that of their larger competitors.

The NEB's first option, therefore, would be to set up a completely new office equipment company as it did with Inmos in semi-conductors. However, the investment and the risks would be so enormous that this possibility can be rejected out of hand.

The other possibility would be set up a marketing organisation on the lines of INSAC, as a way of co-ordinating the efforts of a number of smaller independent companies. This is in fact the direction which the NEB is expected to take.

To be effective, the new company would have to be given complete control over the marketing of a range of products from companies within the scheme. The NEB company would probably also take over a general responsibility for the funding of research and development. In this way it would control strategic planning for future products.

The present indication is that the NEB is preparing to spend about the same on office equipment as on semi-conductors—that is, about £40m over the next few years. Logica would take a central role in getting an office products portfolio off the ground. It has developed an up to date word processing system and is a leading company in the design of data communications systems. Systime, the Leeds mini-computer company which is part of the INSAC group, could provide small business computer systems, and Muirhead, if it were prepared to co-operate, could contribute its facsimile transmission system. Computer and Systems Engineering, a small company in the office communications sector in which the NEB has a 49.9 per cent stake, could join the group. Computer Technology Limited, the small mini-computer company, might co-operate with the development of a word processor. Monotype, recently rescued by the NEB and Barclay's Bank, could contribute electronic text editing expertise.

Although the NEB is now thought to have agreed in principle to the scheme, the question remains whether companies will be prepared to cede their all-important marketing rights to a state-owned company. Unless they agree to this, the scheme would not have much chance of success. Even then it remains an open question whether a state marketing company can become a credible competitor with the multinationals without integration between marketing, manufacturing design and development.

The four sections of the electronics industry to which the NEB is giving its first priority will clearly start to overlap in a few years' time.

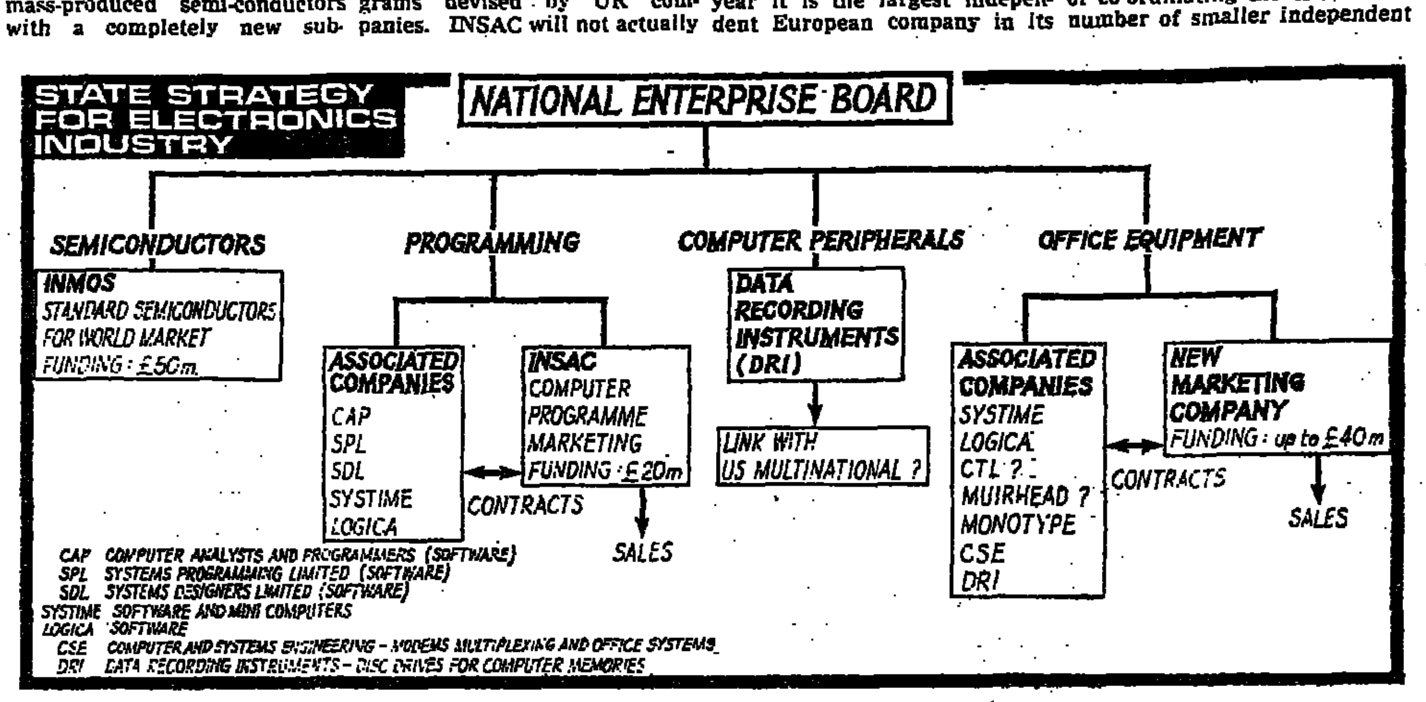
So the NEB may soon need a much more complex management structure to co-ordinate all the various strands of activity. If it is to compete with big multi-nationals, it will probably be forced to behave like one. This would probably mean much more specific plans for integrating Ferranti and ICL into the overall strategy.

However, so far the NEB does not appear to have paid much attention to this longer term question. Its major effort is being spent trying to make the four new enterprises successful, on the principle that you must walk before you can run.

It is easy to anticipate objections to the new phase of state intervention in electronics. Many will point to the failures of British Leyland and the inflexibility of the Post Office and say: "Beware."

But, alas, market forces have failed so far to create UK groupings strong enough to hold back multinationals over a broad sweep of electronic products. Now even the successful bastions of the industry are in danger of being isolated and cut down by competitors.

So to those who ask why the NEB should appoint itself captain of this section of industry, the answer may simply be: "Because it is there."



MEN AND MATTERS

Choice recruit for NEB

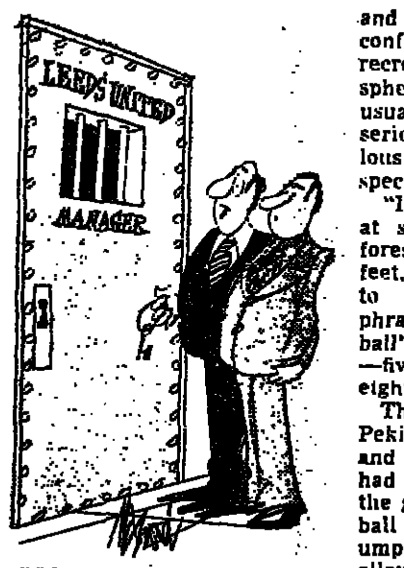
Why should a senior executive with Shell give up his career with the company at the age of 48, take a drop of almost half in his salary and throw in his lot with the public sector? When I put this question to Gerald Fairtlough his answer was disarmingly simple — a declaration of support for the public sector of the sort one hardly expects from the man who has been managing director of Shell Chemicals UK and the statement "I think my colleagues would say Fairtlough is different."

Fairtlough is to become a divisional director at the National Enterprise Board next month and says that that he has long supported both nationalised industries of the traditional kind and innovations like the NEB.

"The UK economy depends very heavily on the public sector and this can be justified both for very large-scale enterprises an for risky innovations. There is a stereotype of inefficiency and paper-pushing but I think publicly-owned industries can do every bit as well as privately owned ones." As for his own involvement, he says, "I feel it is important that the public sector has its share of management talent."

Fairtlough tells me that he has long been a member of the Labour Party, commenting wistfully that he has been too busy running a large company to stand as a parliamentary candidate. He had been with Shell for 25 years, joining it straight after Marlborough and King's College Cambridge. Now he is to look after a portfolio of companies and has no plans to return to private industry.

With the Labour Party Conference yesterday calling for the nationalisation of North Sea Oil I asked him if he would favour this idea. But he would not express whole-hearted approval: "The multinationals have a vast expertise which it is often extremely difficult to replace or match," he commented diplomatically.



"We plan to keep the next one!"

Chinese cricket

One thing likely to preserve the gulf between the Chinese, and other nationalities is the stubborn addiction of some westerners to cricket. No amount of diplomacy will dislodge the Chinese from their view that foreigners who dress in white, throw a ball at each other, and run aimlessly back and forth must be basically untrustworthy.

The foreigners persist, however. Among the expatriate Australians, British, New Zealanders, and also Indians and Pakistanis, enthusiasts still seek to breathe some life into Peking cricket.

But assiduous research has uncovered only one space in the entire city on which a quasi-serious game is possible.

It is a treeless acre of clay and determined afficionados confess that their attempts to recreate the required atmosphere of breathless hush usually dissolve into self-conscious farce under the incredulous attention of Chinese spectators.

"Imagine trying to field a ball at short square leg among a forest of unyielding Chinese feet," said one player. "You try to remember the Chinese phrase for 'Please give me the ball' while the runs mount up —five . . . six . . . seven . . . eight . . ."

The last recorded match in Peking was between Australia and Canada. The Australians had mislaid their equipment, so the game was played with baseball bats and a tennis ball. The umpire was kind: nobody was allowed to be out until he or she scored one run. As for the "man of the match," this was in fact an Australian secretary who caught a ball in her towelling hat.

Sadly the game was finally abandoned in a rainstorm. Nobody had remembered to keep the score but it was agreed, at least among the Australians, that the Canadians should lose —because they cheated by fielding a side of 51 players.

Unusual breezes

"More brisk than balmy" was how the Mayor of Brighton described the town's breezes as he greeted the 270 delegates to the 45th Clean Air Conference on Monday, but yesterday a member of the National Society for Clean Air was less complimentary. The breezes had been "horrible when the conference started and horrible when it ended," he said. Still, the delegates seemed to have been impressed with what they had heard, in particular with yesterday's talk on the economics of clean air or rather "how much pollution is good for us?" — which Julian Lowe, lecturer at Bath University, described as being the central issue today.

His talk came up with some surprising points, not least on the cost of pollution control equipment to industry. For Britain there are onyl vague estimates that pollution control is costing over £200m per year.

But in the U.S. more precise national data is available. In 1975 pollution control cost U.S. industry an estimated $7.7bn, while the previous year's census showed that the petroleum industry alone spent 29 per cent of its total capital expenditure on equipment for pollution control.

Lowe cites a U.S. Senate report that the annual cost of air pollution control equipment necessary to meet various U.S standards will represent 1.7 per cent of GNP or 500 per cent of U.S. foreign aid programmes All this seemed to be the sort of argument I least expected to find favour at a Clean Air Conference, but a representative of the NSCA was keen to stress that the country could not survive if industry was put out of business. As for the moves towards replacing our present "best practicable means of control" with national standards based on EEC directives, the NSCA told me this raised a different set of problems. The consumer, I was warned, is likely to have to face up to higher prices. This sounded more familiar territory.

Closing up

A reader who recently visited Jordan tells me that he asked a taxi driver if he had ever had any trouble with the P.L.O. "Only once," came the reply. "One night they shot at me and one paper said they missed me by ten yards; another paper said it was five yards, and a third that it was only two yards. If there had been more papers, I could have been killed."

Observer

POLITICS TODAY FROM BLACKPOOL

Labour's shape of things to come

Terry Kirk

Thinking of Labour's crown? Mr. Peter Shore (left) and Mr. Roy Hattersley.

THERE HAVE been two main battles in Blackpool this week. On *the one hand* the Government has been fighting for its pay policy, while on the other the struggle for the future of the Labour Party after the general election has begun. The two campaigns are not entirely unrelated.

To start with, there is a certain amount of common ground. Hardly anyone now believes that the party's chances of winning the election are at all good. Indeed the range of opinion seems to vary only between those who think that the election is still worth fighting and those whose minds are already turning to the question of what happens after defeat. There is also perhaps a certain division between generations.

The Government's present strategy was put very simply by Mr. Denis Healey, the Chancellor of the Exchequer, in the incomes policy debate on Monday. There were, he said, two keys to winning. One was to keep inflation under control and the other was to strengthen the authority of Mr. James Callaghan, the Prime Minister, in the Labour movement. Such was the importance of the struggle against inflation that, he claimed, the outcome of the election could be settled by Monday's debate.

As everybody now knows, the Government lost by a majority of two to one. What is more remarkable, however, is that Mr. Healey clings to the same view. He believes that the defeat was certainly very damaging, if not quite fatal. But at the same time, and with Mr. Callaghan behind him, he is more determined than ever to press on with the counter-inflation policy.

It is possible to argue here that the Chancellor is being over-pessimistic, perhaps as a result of being over-sanguine before. After all, it had been known since the early summer that the unions were opposed to the incomes policy. That was why the White Paper in July had to be written without them, and the union opposition was plain for all to see at the Trades Union Congress last month. Monday's vote was merely an expression of that reality. There is no reason why it should have made things any worse. Arguably, indeed, it was a step forward because it has established that there will have to be further talks between the Government and unions, and sooner rather than later.

Besides, the fact that such events could take place without the slightest effect on sterling was surely a sign that the outside world at least was unperturbed. It is not entirely normal for a Labour Party Conference to leave the pound unscathed. (The official comment on that is that the markets are too stupid to be able to concentrate on more than one currency at a time, and this week they were too busy thinking about the dollar.)

Fight on

That may be the logical view, but it is not the view of Mr. Callaghan and Mr. Healey. They believe that the Government has been badly defeated, and it is their conclusion that matters. Far from weakening the counter-inflation policy, they are ready to strengthen it. Suggestions that the 5 per cent earnings figure is about to be officially raised to 7 per cent, if only by a wink and a nod, should be discounted. It may be not achieved, but the Chancellor and the Prime Minister intend to fight on.

Mr. Callaghan spoke in his address on Tuesday of additional fiscal and monetary measures if necessary. But it is not only that. It now seems more likely than ever that the country will enter the European Monetary System at the end of this year, the decisive argument now being that British participation could act as a further constraint on monetary expansion—and also a help in times of trouble. Not least, there is a general assumption, even expectation, that Mr. Callaghan will now do his utmost to go on until next October.

The politics of this are all very odd. Here are two men preparing to defy practically the entire Labour movement not only on incomes policy, but also on Europe. But they are the Chancellor and the Prime Minister and, provided they remain united, the rest of the Cabinet, for whatever reasons, will probably go along with them. It comes back to what Mr. Healey said on Monday: the Government has two keys to winning—counter-inflation and Mr. Callaghan. That, for the moment, is the sum or at least the summary of government policy.

The struggle for the future of the party is taking place against this background. It is generally assumed that if Labour loses, Mr. Healey will drop out of the succession stakes. But it is not simply a matter of personalities. It is also the passing of a generation and there is, too, a genuine battle between different ideologies. What has been happening in Blackpool is that the various groups within the party have been coming out into the open again and, with them, the competing candidates for the leadership.

There are perhaps six key figures: Mr. Anthony Wedgwood Benn, Mr. Roy Hattersley, Mr. Peter Shore, Dr. David Owen, Mrs. Shirley Williams and, in the background, Mr. William Rodgers.

On his own

Mr. Benn is very much on his own, remaining a member of the Government while making it perfectly plain that he disagrees with many, if not most, of its policies. He has had a good conference, addressing fringe meetings and embracing all the fashionable Left-wing ideas with an air of sweet reason. (Why not sanctions against Iran if we're going to campaign for human rights in the Soviet Union?) If he has a tendency to remind one of Kerensky, it is not immediately clear who on the further Left will stab him in the back should he ever become leader. For the time being he is *the* Left-wing claimant to the succession and, what is more, he manages to act without an impression of conspiracy. "Discussion," he says, probably rightly, "is good for the party."

The Right, by contrast, rarely walks alone. Indeed, wherever there is a Right-wing gathering it is a pretty good guess that Mr. William Rodgers is somewhere behind it. He is not himself an obvious candidate for the succession and clearly regards his role more as the guardian of the Social Democratic tradition. But as a political impresario he has put on some star-studded shows.

Partly because of the re-emergence of Europe as an issue, Mr. Rodgers, Dr. Owen and Mrs. Williams have tended to appear on the same platform. All three remain as committed as ever to the European Community which, given the present mood of the party, is a brave enough act in itself. But there is also something else: a new desire to stand up and be counted and to resist the encroachments of the Left. Mrs. Williams, in particular, has re-emerged as a fighter, perhaps the most outspoken of them all. Nor is her aggression confined to Right-wing meetings; she operates even better in the open.

Yet the Right still has a problem in finding a contender for the leadership. Dr. Owen is an admirable figure, but still perhaps too young and, however bold in his address, lacking a certain facility with language: the mark maybe of a natural scientist. Mr. Rodgers is a behind-the-scenes figure and Mrs. Williams is said, and believed by those close to her, to have ruled herself out. She would not in any case relish the idea of both major parties being led by a woman.

What then of Mr. Hattersley and Mr. Shore? They belong to no groups and do not appear on the same platform twice, yet who is to say that their stature is any less than that of their competitors? On Mr. Hattersley's part at least, it is clearly a deliberate decision. He was once a Jenkinsite, but disengaged before that word became quite as abusive as it is in Blackpool this week. But it was also a wise decision. Mr. Hattersley occupies what the Tories, in their own terms, like to call the middle ground. He could expect to pick up some support from the Right, but also from the Left. Mr. Michael Foot, for instance, is staid to regard him as one of the best and ablest of the present Cabinet.

Strength

With Mr. Shore it is a bit different. Anti-European but economically to the Right, it is not immediately obvious to which group he would belong. It also comes as a surprise to be reminded that the once youthful *protege* of Harold Wilson is now approaching his mid-fifties—older even than Mr. Wedgwood Benn who seems to have been around so long. But, as with the new Mr. Hattersley, the lack of close identification with any one group could be his strength. Unlike Mr. Benn he does not have to live down any reputation of being somehow sinister or even opportunistic.

All in all, and assuming Labour does lose the election, it would seem that the succession lies between these two men—Mr. Shore and Mr. Hattersley, with Mr. Hattersley emerging at Blackpool as the slight favourite. It may be of no great use to him, but there are those on the Right who still regard him as "one of them." The reason is probably Europe, though Mr. Hattersley is perfectly capable of trimming on that.

If the above assumptions are correct, there is no great foundation for the view that the Labour Party is moving decisively to the Left, nor that it is running out of people and ideas. Other impressions from Blackpool reinforce that assessment. Whatever Mr. Healey may insist on thinking, it has been a good conference with the party again coming to life.

There were blemishes, to be sure. If one wished to be polemical, one could pick on the election of Mr. Dennis Skinner, the Member for Molsover, to the National Executive. Mr. Skinner's sole claim to notice is that he belongs to the offensive far Left. Yet in the NEC poll he received 261,000 votes, against 159,000 for Dr. Owen, 145,000 for Mr. Shore and 142,000 for Mr. Hattersley, none of whom was elected. That is the way the Labour movement judges its own people, and indeed the choice of Mr. Skinner is an encouragement to others on the far Left to seek advancement by being more and more outrageous.

Even that, however, can be balanced by the comments of some solidly Left-wing members of the NEC who watched the Member for Bolsover attend his first meeting of Wednesday and heard him subsequently addressing the Tribune Rally. They were appalled. "That man," said one, "is not a democrat." Perhaps the Labour Party has woken up too late, but it would be a mistake to assume that Mr. Skinner is going to get his own way. If anything, he could compel a move back towards the centre.

Not enough

Perhaps, too, the Labour Party needs a spell in opposition, but it would be equally mistaken to believe that it would then necessarily tear itself to pieces. A more accurate conclusion from this week's gathering is that government by Messrs. Callaghan and Healey and a few top civil servants is not enough in itself to satisfy the Labour movement indefinitely. It has been reaction against that that has characterised the conference. The Labour Party wants to say something again, but has not yet decided what.

Letters to the Editor

Imports of textiles

From the Director, British Textile Confederation

Sir,—In his article of October 3 on "The UK's double standards," Guy de Jonquieres, your Brussels correspondent, describes a point of view held there which distorts the UK Government's policy towards textile and clothing imports from the Mediterranean countries.

The UK Government has done no more than to insist on fair and consistent application of the decisions reached by the EEC Council of Ministers on December 19 and 20 last year and of supplementary assurances given to the UK by the European Commission on July 25. If parts of the Commission and some member states have, since then, tried to go back on what was agreed, it is they, and not the British Government, which are showing "double standards."

Since the beginning of the year, the textile industry in the UK and EEC has been laying its plans on the basis of Community assurances that the restraint arrangements for low-cost textiles will be observed. It is on this basis, too, that it is engaged in a dialogue with the Commission on an industrial policy which will ensure its long term future as an essential part of the Community's economic and social framework and as a large scale employer.

These plans will founder if there is an unregulated upsurge in low-cost imports. The Community recognised this last December when it adopted a global approach to the most sensitive products. This approach formally recognised the effect of cumulative disruption on the EEC industry, and it was agreed that the Mediterranean countries must therefore be included in the restraint system. It is rather late in the day to object to a decision taken over nine months ago, and to the measures necessary to carry it through.

In the first seven months of 1978, while textile and clothing imports from low-cost sources overall are running 15 per cent higher than in the same period of 1977, imports from Mediterranean countries have risen by 50 per cent. *Within this overall* increase, imports from Malta and Cyprus have almost doubled, while those from Greece and Turkey have in some cases far exceeded the voluntary restraint limits before Community safeguard action has been taken. In contrast, production in our own textile industry has fallen by over 3 per cent, and 20,000 jobs have been lost in the last year. Notwithstanding the fact that the great majority of low-cost imports are now covered by restraints, the situation remains critical.

The UK Government and textile industry are not acting frivolously or unnecessarily in asking that imports from Mediterranean countries be made subject to the same system of controlled growth as those from other disruptive sources. They are merely seeking fulfilment of commitments made freely by the Commission and member states, in order that the framework for the future development of the textile industry can be secured.

Ian MacArthur.
24, Buckingham Gate, SW1.

Cutlery from overseas

From Mr. N. Bilitch

Sir,—To refer to me no less than seven times in one brief letter (October 2) suggests that *the president of the Federation* of British Cutlery Manufacturers is either obsessed by my name, or wishes to emphasise in no uncertain manner that I am to take serious note of what he is saying. The effect on me is like being hectored and being jabbed in the chest by a forefinger for failing to appreciate that Mr. Price and his pack of angry cutlers are being ruined by a collection of unscrupulous and wily orientals. I remain unmoved and utterly unrepentant. Appeals to bogus morality and spurious patriotism are the refuge of a weak argument which self-seeking producers always invoke to confound the common-sense and legitimate self-interest of consumers.

It is suggested by Mr. Price that legions of consumer simpletons are fooled by importers and *retailers into believing* that cutlery imports from the Far East are akin to the best Sheffield hardware. Like the TV housewife who is said to be unable to tell a brand of margarine from butter, the assumption is without serious foundation; as an advertising try-on it is probably harmless; as an attempt to try to prevent us from continuing to buy butter, it would be pernicious.

Consumers buying cheap imported cutlery probably do so because they cannot afford the high priced Sheffield merchandise. Neither Mr. Price nor his members should be allowed to prevent them from continuing to do so.

If Mr. Price thinks that there is no mischief done by restricting cheap imports, I would refer him to the letter in the Financial Times (September 27) from the marketing director of a Midlands textile machinery manufacturer, whose company has lost a considerable amount of good profitable business in Turkey because of the "successful" campaign by the textile industry to restrict cheap imports of textiles. Since when was it patriotic and moral to preserve one set of jobs by putting another set at risk—leaving the taxpayer (consumer) to finance the consequence?

Will Mr. Price please do us (and his members) a favour by not asserting that his federation "seeks to protect the consumer." Most consumers can look after themselves. If they require any protection at all, it is from specious campaigns levelled against importers—that is, the 50m UK consumers. It reminds me of those striking trades unionists who only wish to see that the public is well served; it sounds more virtuous than a crude request for more money.

N. A. Bilitch.
6, Rusholme Road, Putney, SW15.

Increases in wages

From Mr. J. Hewitt

Sir,—May I offer a suggestion on the current round of pay bargaining that may appeal to employers and unions at least, even if a complacent Government is unlikely to be impressed?

The difficulty for any group of workers negotiating a wage increase is that they have to take a view on what they expect inflation to be like in the next 12 months. While Messrs. Healey, Hattersley, *et al*, whose sole consistency is their bad forecasting, have been saying 8 per cent, most workers, unions and probably employers take a gloomier view. A straw poll would probably indicate an annual rate of 12 per cent to 14 per cent this time next year. Hence the unwillingness to settle for a pay rise of 5 per cent now, even if self-financing productivity deals can be added on.

One possibility would be for unions and employers to settle for, say, 8 per cent now (incorporating as much as possible in a productivity deal) and agree that if inflation exceeds 8 per cent in the next 12 months then wage increases will match it on a month-to-month basis.

While there are sound objections to the "threshold" principle, it would offer the opportunity of avoiding a damaging confrontation now and put the onus for keeping inflation down back where it belongs—on the Government.

One immediate difficulty is that if the Government is serious about the intention to reduce direct taxation possibly at the expense of increases in indirect taxes, then only the net effect of such changes should count towards the threshold. The somewhat curious situation where increases in VAT are reflected in the Retail Price Index but corresponding decreases in income tax are not, would obviously have to be avoided.

We could then enjoy the spectacle of a government pursuing a monetary policy which actually would reduce inflation, thereby protecting its own incomes policy.

J. Hewitt.
*8, Aston Park,
Aston Rowant,
Oxfordshire.*

Unemployment benefits

From Mr. B. Gleadow.

Sir,—The large amounts of unemployment benefit that certain individuals can get (Mrs. Mills's letter, October 3) do not apply to about 85 per cent of the unemployed. For further enlightenment on this score I recommend the latest Midland Bank Review in which there is an article by Professors Atkinson and Flemming. It concludes that social security is not a major contributor to unemployment.

On the question of my suggested subsidy to price the unemployed into temporary jobs, even though not ideally suited to them, *Mrs.* Mills makes some interesting, but I believe mistaken, criticisms. She claims this subsidy would distort the market. I accept that subsidies normally do this, but some subsidies, including the one I propose, do the opposite. If the market is already distorted because, for example, of minimum wage laws and unemployment benefit, neither of which are market phenomenon, then a subsidy can help restore free market conditions.

In the absence of such non-market phenomena what would be the market price for someone for whom there were no suitable vacancies? Answer: extremely low. In a free market such a person might well take a temporary job for which he was not suited at a wage which in consequence would be very low, until a more suitable vacancy appeared with a higher wage. Thus a subsidy which prices people into jobs for which they are not ideally suited and on a temporary basis restores free market conditions.

She also claims that job seeking is a full-time occupation for the unemployed and that temporary jobs would interfere with this. That is disproved by the fact that the majority of job changes take place without any intervening unemployment. Looking for another job while still at work is thus perfectly feasible. I concede, however, that such temporary jobs for the unemployed should perhaps be part-time so as to facilitate going for interviews. An additional advantage of having these jobs part time is that they would not have the financial attraction of full-time full-wage work. Thus the people concerned would have an additional motive to find more suitable work.

Lastly I submit a question for economists. If someone is subsidised into a job for which he is not ideally suited and, assuming there is no other job he could do better, is that subsidy an opportunity cost, a real cost to the nation? I believe not.

B. Gleadow.
4, Newcastle Terrace, Durham.

Telephone manners

From Mr. R. Goddard

Sir,—The recent correspondence about telephone manners reminds me that habits can be even more irritating in other countries.

I am always amused/exasperated when using the telephone in Portugal. There, the caller will ask "Está?" ("Are you there?"), and the person answering will say "Estou!" ("I am here!"). Both speakers will then add "Quem fala?" ("Who is that speaking?") but will refuse to disclose their own identity. A battle of wills then follows. Depending on the skill of the players, after five minutes all that has been established is that you are here and he/she is there. Presumably, you know who you are, but you still do not know who you are talking to. It can be great fun — if you have nothing else to do.

Richard Goddard.
*8, Shaftesbury Avenue,
Kenton, Harrow, Middlesex.*

Changes in the wavelengths

From the Managing Director BBC Radio.

Sir,—Major Anderson (September 30) wonders if there is a "vendetta" inside the BBC against the World Service and he asks why the information we are supplying about the changes in the domestic frequencies does not mention BBC World Service.

Everyone in the BBC is proud of the World Service which broadcasts in English 24 hours a day every day of the year throughout the globe, as well as of the other 38 language services of external broadcasting. The grant-in-aid provided by Parliament, however, is prescribed for broadcasting outside the shores of Britain and all copyright and agreements are drawn up on this basis.

It is true a large number of listeners in the United Kingdom are able to hear World Services broadcasts directed to Western Europe on the medium wave (this changes from its present 276 metres to 464 metres on November 26) but this is a bonus arising out of the site of the present transmitter.

As for Radio 4 before 8 am on Sundays, we would like to start programmes in English earlier than we do but that depends on money and the new licence fee. We have, as well, a duty to broadcast, somewhere, in the languages of our considerable immigrant communities.

Let Major Anderson have no doubt on the major issue. The feeling in Broadcasting House for our colleagues at Bush House is one of warm admiration and respect. It is they after all who keep the standard of BBC independence and impartiality flying around the globe.

Aubrey Singer.
*Broadcasting House,
London W1*

Today's Events

GENERAL

Labour Party conference ends at Blackpool.

Kenya African National Union meets in Nairobi to choose a successor to President Jomo Kenyatta. Mr. Daniel Arap Moi is the only candidate.

Christian Democrat National Council opens in Rome.

British Steel Corporation's tar distillation works at Lowca, Cumbria, closes, costing 30 jobs.

The Communist Party newspaper, the Morning Star, attempts to stop in the High Court Express Newspapers using the title "The Daily Star."

Institute of Taxation annual dinner, Savoy Hotel, London—Speakers: Lord Russell of Killowen, Lord of Appeal, and Sir William Pile, chairman of Board of Inland Revenue.

HMS Eagle, once Britain's largest warship, sails from Devonport to the scrapyard

Summer Fashion Show opens in Nice (until October 10).

OFFICIAL STATISTICS

Central Statistical Office publishes figures on personal income, expenditure and savings, and revised figures for the gross domestic product (all for second quarter).

U.S. Government publishes unemployment figures for September.

COMPANY RESULTS

Final dividends: Cradley Printing Company. **Interim dividends:** Firmin and Sons. Richards (Leicester). G. W. Sparrow and Sons. Spong and Company. **Interim figures only:** Francis Parker.

COMPANY MEETINGS

A.A.H., Quaglino's, Bury Street, SW, 12. Assam Investments, 40 St. Mary Axe, EC, 12. Peter Black, Winchester House, 100 Old Broad Street, EC, 12.30. Border TV, TV Centre, Carlisle, 12.30. Centreway, Plough and Harrow Hotel, Hagley Road, Birmingham, 12.30. Diploma Investments, Great Eastern Hotel, EC, 12. Erskine House Investments, Winchester House, London Wall, EC, 12.

SPORT

Golf: Dunlop Master, St. Pierre, Chepstow.

Tennis: Davis Cup, Crystal Palace, GB v. Australia. Pernod Trophy, Stevenage.

Show Jumping: Horse of the Year Show, Wembley.

COMPANY NEWS

Static second half leaves Bejam down at £4.42m

FOLLOWING A £0.32m fall at midway, second-half pre-tax profits of Bejam Group, retailer of frozen food and domestic deep freezers, were little changed at £2.08m against £2.14m last time, leaving the figure for the July 1, 1978 year down from a peak £4.8m to £4.42m.

The 1976-77 result was boosted by exceptional climatic circumstances which gave rise to an 80 per cent increase over the previous year's profit.

In March, when reporting lower first-half profits of £2.34m (£2.66m), Mr. J. D. Apthorp, the chairman, said that until frozen vegetable sales regained their normal level it would not be prudent to expect record profits for the full year.

He now states that current sales of food and freezers are very satisfactory and says he feels reasonably optimistic concerning the company's earnings growth in the current year.

Turnover for the year advanced £11.70m to £90.98m, which was split as to: food £83.01m (£72.28m) and freezers and other £7.06m (£6.9m).

After tax of £310,000 (£553,000), earnings fell from 7.85p to 7.58p per 10p share. *The dividend* total is effectively lifted from an equivalent 1.452p to 1.621p net, costing £877,000 (£783,000), with a final payment of 0.921p.

A scrip issue of one cumulative preference share for every 20 ordinary held is also proposed.

As at July 1, 1978 the company operated 144 freezer food centres and four have subsequently been opened. In addition, new stores at Bedford, Gravesend, Harbourne, Lincoln, Salisbury, Tonbridge and Tottenham should be operating by Christmas.

● comment

Bejam warned, when it reported a 12 per cent setback in first half profits, that its full year profits would fall short of the 1976-77 record. So the latest figures, showing only a small drop in second half profits leaving the year 8 per cent lower pre-tax, is basically what the market had been expecting. This apparent ex-growth image has in the main been caused by the effects of the drought in the summer of '76. In the 12 months from June 1976 Bejam saw its frozen food volume soar as fresh vegetable prices rocketed.

So in the latest 12 months Bejam has been competing with an exceptional period. Sales growth has been slack; in the first six months Bejam saw a 2 per cent drop in volume but sales started to pick up after January, and for the full year there was a 1 per cent rise. Meantime price inflation for frozen foods has been very low at around 5 per cent. Freezer sales have also been poor with a drop of 20 per cent, but that was better than the industry average. Against this background Bejam has had to rely fairly heavily on new store openings, though there was only a 10 per cent increase in selling area.

But the outlook for this year looks brighter and this is no doubt one of the factors behind yesterday's 6p rise in the share price to 65p. Food sales are continuing to improve—turnover from existing stores is about 20 per cent up so far—and freezer sales in the first quarter are 50 per cent up on the comparable period. Physical expansion is speeding up and another ten stores will be operating before Christmas, and virtually all of there will be in the south where they turn into profits fairly swiftly.

Outside estimates are pitched around £6m pre-tax for this year and on that basis the fully taxed p/e drops from 16.3 to 12.3 prospective—which is still very much a glamour rating.

HIGHLIGHTS

Sears has had an excellent first half with profits 72 per cent higher reflecting a 60 per cent jump in the dominant footwear divisions and a turnround at the loss-making situations. EMI's recent warnings on its setback in medical scanners were justified given a loss of £13m on this product and overall profits are more than halved but the dividend has been maintained. Completing the Lex column is Clive Discount where the first half results compare unfavourably with those at the same stage of last year. Profits at Bejam are lower but this was intimated at the half way stage and the current year has started on a more buoyant note, while a first time contribution has given a useful boost to Wolstenholme Bronze.

Profits slump for Assam Frontier Tea

Pre-tax profits of Assam Frontier Tea Holdings—53 per cent owned by Sime Darby Holdings—slumped from £4.23m to £2.36m for 1977.

After tax of £1.80m (£3.17m) earnings are shown at 51.43p per £1 share compared with 110.86p, and the dividend for the year is 12.1p with a final of 10p.

There was an extraordinary debit for the year of £234,419 (nil), and there was a £2.94m (£7,600) transfer from reserves, leaving £3.21m (£1.07m).

EMI Scanners lose £13.2m

BY CHRISTINE MOIR

EMI's preliminary figures, published yesterday, contained for the first time a detailed five-year breakdown of sales and profits for the medical electronics division where losses of £13.2m on the scanners were incurred last year.

The figures reveal that sales peaked at £93.2m in 1977 having risen from £5.1m in 1974 and profits reached a height of £14.7m in the same year before collapsing in the past 12 months as a result of cuts in hospital spending in the U.S.

Sales in the U.S. dropped from £66m in 1977 to £24m last year whereas sales outside North America increased from £27m to £42m.

Prospects are still not good for the current year when total orders for scanners worldwide are expected to be only between 120 and 160 units compared with a peak of 470 in 1976.

However, Sir John Read, chairman of EMI, said the picture had not been "all gloom even last year." He said that EMI had 54 per cent of all scanners installed in the U.S. and although that level was not being maintained in new orders, the level of orders was satisfactory.

New model scanners, expenditureon which had been heavy in the past year, would "without a doubt match every other strength of other competitors." Sir John claimed, but the scanner business would continue to lose money at least for the first six months of this year.

An encouraging sign was that the servicing of scanners in the U.S. was now beginning to earn profits as older models came out of guarantee.

Problems have also been encountered in the music division, where profits dropped from £32.7m in 1977 to £16.8m last year, despite a £9m increase in sales from £430m.

Sir John explained that the international repertoire on which world record sales depended had shifted in the past five years to significantly greater reliance on U.S. talent. As a result battle had been engaged between the market leaders in the U.S., Warners, CBS, EMI and Philips (in that order), which had increased the cost of maintaining market share.

In addition, recording artists were successfully winning higher royalties thereby reducing margins.

Nevertheless, Sir John said that Capitol Industries-EMI Inc, the group's music business in the U.S., had a very successful year, producing profits of $15.2m ($17.5m) and the group was in "a strong recovery position in the U.S. as underlined by the charts in the past quarter."

Unfortunately, Capitol's profits were more than offset by the scanner losses in the U.S. leading to an overall pre-tax loss from North America of £4.6m (£16.3m profit) which could not be offset against consolidated taxes in the UK.

This was one element in the high—65 per cent—tax rate, which produced attributable profits before extraordinary items of only £7.8m and fully diluted earnings of only 7.1p (25.7p) per share.

Losses in France and Australia exacerbated the tax position. In Australia, the group sold its consumer electronics business to Rank last year after incurring heavy losses as a result of "extremely difficult economic conditions."

In France, there were also "severe downturns" made worse by the start up costs of a major new distribution centre and union problems.

In the Netherlands, trading conditions were similar and there were additional running in costs for the new factory as well as closure costs on the old one.

The breakdown of EMI's trading profits by division was not, however, all slump. The leisure division made a strong increase both in sales—up to £132m from £95m—and profits—£11.8m compared with £7.2m.

Higher cinema admissions, a £1m profit from the first year since the acquisition of the Tower Hotel, and bingo receipts, were the main factors.

In the current year, the first revenue is expected from the new film business. Yesterday, Mr. Richard Watt, the finance director, said that advance bookings and guarantees for the film "Death on the Nile," had already covered the group's £4m investment in the film. There were high hopes also for "Convoy" and the yet-to-be-released "Deer-hunter."

Strong results had also come from the non-medical electronic division, mainly defence and export oriented, where profits rose from £12m to £13.5m despite a slight fall in sales from £182m to £174m.

Here the main factor was the Cymbeline radar device which has apparently won worldwide acceptance and where research and development costs had already been amortised.

On the balance sheet side, gearing was reduced from 48 per cent to 45 per cent last year, as a result of a property revaluation. This produced a £35.5m surplus, used to write off £21.5m of goodwill related to recent acquisitions and to bolster reserves.

Stock and work in progress had also decreased by £22.5m to offset rises of £5.6m in film and television investment and £15.5m in debtors.

See Lex

Sears eliminates U.S. loss and jumps 72% midyear

HELPED BY a turnround to profit in the engineering division and the elimination of losses in the U.S., taxable profits of Sears Holdings jumped 72 per cent from £18.5m to £31.9m for the six months to July 31, 1978, on turnover up 15.7 per cent to £522m.

Mr. Leonard Sainer, the chairman, points out that since the results of a number of the group's activities are of a seasonal nature, first-half profits should not be taken as a guide to those of the full year.

However, the current period has started well and the full-year results should show a satisfactory improvement over the previous year, he adds.

In the 1977-78 year, pre-tax profits climbed from £44.67m to a record £62.11m.

Trading profits for the six months by division are (in £000s): Footwear retailers and manufacturers £17,929 (£11,402); departmental stores, jewellery and other retailing £5,800 (£6,308); engineering £295 (£955 loss); motor vehicle sales, service and delivery £2,648 (£2,711); licensed betting offices £6,501 (£4,179); property development and investment £3,064 (£2,309); and linen hire, industrial laundries and knitwear distribution (U.S.) £352 (£2,729 loss).

Mr. Sainer reports that the upturn in consumer spending in the UK has been particularly beneficial to the group's footwear division. "While the departmental stores have not done as well as might have been expected, this can be attributed, at least in part, to the fact that in 1978 we have not had the advantage of the dramatic increase in sales to tourists which was achieved last year."

"The increased profits earned in the licensed betting offices were primarily due to the effect of unsettled weather on racing conditions in the UK and it should be appreciated that in this business, results must necessarily be subject to fluctuation," he says.

As indicated at the last annual meeting, interim dividends are to be introduced and the first payment is 0.5p net per 25p share. Last year's single payment was an equivalent 1.29p adjusted for a one-for-one scrip issue.

After estimated tax up from £12.1m to £18m, half yearly net profit leapt from £6.43m to £13.9m. After minority interests of £334,000 (£321,000) the amount attributable is £13.56m (£6.11m).

The interim dividend absor[illegible] £4.49m.

Taxation is based on the prof[illegible] of the period and includes f[illegible] provision for deferred taxatio[illegible] No tax relief is presently ava[illegible] able in respect of overseas loss[illegible] amounting to £700,000 in the fi[illegible] half of 1978 (£4.2m).

See Lex

Mr. Leonard Sainer. Freddie Mansfield

Warne Wright sees same profit

WITH pre-tax profits up from £636,000 to £674,000 at midway, the directors of Warne Wright and Rowland say profits for 1978 should at least equal the £1.42m achieved last year.

The profit expectation is provided there is no further deterioration in the economy and that strikes at present being experienced by major customers are not unduly prolonged, the directors say.

Turnover for the first half was little changed at £10.97m against £10.25m. Tax takes £232,000 (£140,000 restated) giving earnings per share of 4.249p against 7.16p.

	Six months 1978 £	1977 £
Turnover	10,973,000	10,233,000
Trading profit	938,000	857,000
Depreciation	232,000	189,000
Loan interest	32,000	32,000
Profit before tax	674,000	636,000
Tax	232,000	140,000
Net profit	442,000	496,000
Pref. dividends	5,119	5,119
Ord. interim	151,371	135,735
Retained	285,000	355,000

The interim dividend is lifted from 1.32p to 1.47p—last year's final was also 1.32p.

Although showing an increase over the same period last year, the first half results are depressed by uncharacteristic returns from Thos. B. Wellings and Company which experienced short-time working and an industrial dispute, the Board states.

Expansion is planned for S. Taylor and Company, whose growth is proceeding satisfactorily in all its activities.

The group trades as fastener makers, drop forger and engineer.

Dixons Photo sees increase for first half

Turnover at Dixons Photographic was buoyant and the results of the first half year's trading were expected to be satisfactorily ahead of last year, Mr. Stanley Kalms, chairman, told shareholders at the annul meeting yesterday.

Mr. Kalms said he had noted the adverse City reaction to his remarks in the annual report and he wanted to assure shareholders that no unpleasant news was in store.

New fund from Save & Prosper

After five years of consolidating its existing funds, Save and Prosper is to launch a new one.

Its South East Asia Growth Fund is to be invested, initially at least, in Hong Kong (some 50 per cent of the portfolio), Singapore and Malaysia (40 per cent), and the Philippines (the rest). But will have the capacity to invest in other areas, such as Korea, Thailand or Indonesia. The idea is that the fund—which is to aim for long term capital growth—will be complementary to the managers' existing Japan Growth Fund.

Because of the participation of local investors, South East Asian markets tend to be very much more volatile than their Western countreparts; and Save and Prosper therefore suggest that holdings in its South East Asia Fund should not form more than 25 per cent of any investor's portfolio. The managers themselves reckon that this trust will be managed more aggressively than most, and that they would be prepared to go up to 25 per cent liquid if markets appeared over-valued. They do not anticipate holding more than 30 shares at any one time.

The minimum initial investment in the new fund—whose launch follows closely on the relaunch of Target's International Fund as Target Pacific—is £250.

Higgs & Hill

In the Higgs and Hill comment yesterday it was incorrectly stated that the company was ceasing its operations in t[illegible] Middle East. This should ha[illegible] referred solely to its operatio[illegible] in Saudi Arabia. The compa[illegible] has a wholly owned subsidia[illegible] in Bahrain as well as operati[illegible] in Qatar and it is continuing [illegible] look for further opportunities.

ISSUE NEWS

AGRICULTURAL MORTGAGE

The Agricultural Mortga[illegible] Corporation has issued £2m 10½ per cent Bonds dat[illegible] October 12, 1979 at par.

A proportion of the bonds h[illegible] been made available in the mar[illegible] for members of the public wh[illegible] dealings start today.

Interest will be payable h[illegible] yearly, by warrants as follow[illegible] on April 6 1979 at the rate [illegible] £5.3125 per cent and on Octob[illegible] 12 1979 at the rate of £5.4872 p[illegible] cent.

The bonds will be redeemed [illegible] par on October 12 1979.

They are registered in multip[illegible] of £1,000 and transferable free [illegible] stamp duty.

Brokers to the issue are Mulle[illegible] and Company.

WEST KENT PREF. STOCK

West Kent Water Compan[illegible] offer for sale byt ender of £1[illegible] of redeemable preference sto[illegible] has met with a poor response.

When the application list clo[illegible] yesterday only 59.42 per cent [illegible] the issue had been applied [illegible] leaving just over two fifths of [illegible] stock in the hands of the und[illegible] writers.

The issue was of 7 per ce[illegible] stock, dated 1983 at a minim[illegible] price of £97.50 per cent. At t[illegible] level the running yield was 10[illegible] per cent and redemption yi[illegible] was 11.18 per cent.

The average tender pr[illegible] worked out at £97.29 per c[illegible] despite the low number [illegible] tenders.

Brokers to the issue [illegible] Laurie Milbank and Company.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bejam	0.92	Nov. 11	*0.83	1.62	*1.[illegible]
Clive Discount ......int.	2.02	Nov. 16	2	—	4.7
EMI	3.07	Jan. 2	3.83	9.38	9.2[illegible]
W. and R. Jacobs ......int.	§1.2	Nov. 17	0.81	—	4.0[illegible]
S. Lyles	2.99	Jan. 2	2.47	4.99	4.4[illegible]
Ramar Textiles	0.3	Dec. 6	*0.21	0.3	*0.[illegible]
Sanderson Murray	3.47	Nov. 20	3.1	3.47	3.1
Sears Holdings ...... int.	0.5	Dec. 11	‡—	—	*1
Singapore Para	1.2	Nov. 23	0.7	1.2	0.7
Warne Wright ....†int.	1.47	Dec. 1	1.32	—	2.6
G. Whitehouse	1.42	Dec. 1	1.27	2.33	2.0
Geo. Wills ....int.	0.92	Nov. 10	0.83	—	1.5
Wolstenholme Bronze int.	3.57	Nov. 13	3.25	—	7.8

Dividends shown pence per share net except where otherwise stat[illegible]
* Equivalent after allowing for scrip issue. † On capi[illegible] increased by rights and/or acquisition issues. ‡ No interims previou[illegible] paid. § To reduce disparity.

Wolstenholme Bronze well ahead after six months

AFTER adjustment for the copper account, profits before tax of Wolstenholme Bronze Powders improved from £645,818 to £925,966 in the first half of 1978 on higher turnover of £6.85m against £4.82m.

The addition of Charles Openshaw and Sons (Manchester)—acquired last November—had a major impact on first-half profits. The acquisition has certainly lived up to expectations, Mr. Alan Green, the chairman says.

Group sales, while not exciting, are reasonable and the second six months should be at least as good as the first—this implies group profits for 1978 substantially above the £1.4m pre-tax of last year, says the chairman.

The directors are also proposing a one-for-one scrip issue and are putting proposals for the group's shares to qualify as investments for trust funds governed by the Trustee Investments Act.

The interim dividend is lifted from 3.25p to a maximum permitted 3.57p. Mr. Green said it was hoped that the substantial increase in profits coupled with the slight relaxation of controls would have enabled an increase of more than 10 per cent.

Discussions on this are taking place with the Treasury and should the outcome be favourable, the Board intends to increase the final by substantially more than 10 per cent. The final last year was 4.5665p.

Copper account adjustments in the first half reduced the profit by £17,063 and increased profits in 1977 by £31,709. Tax charge amounts to £480,060 against £334,269.

Referring to the proposal to change the parent company's name to Wolstenholme Rink, Mr. Green explains that the company, as well as being the base for the manufacture of bronze and aluminium powders, is now acting as the parent company of an expanding group of companies.

Directors consider that this change should be reflected by adopting a new structure whereby the parent company will carry on no trading activities, but will instead act as the holding company of a number of subsidiaries.

The directors recommend that the trading assets and activities of the present parent should be *transferred to a new subsidiary* which will adopt the name of Wolstenholme Bronze Powders. This reorganisation will not affect the assets, profits or reserves attributable to shareholders. At the same time it is proposed to change the name of the parent company.

For administrative reasons it is not proposed to adopt the changes until the group's new financial year commences on January 1, 1979, says the chairman.

The authorised share capital is to be increased from £750,000 to £1.5m by creating 3m additional ordinary 25p shares. This will enable the scrip issue to be made as well as providing a reserve of unissued capital.

Demand for the group's principal product, bronze powder, has been at a somewhat higher level than in the corresponding period of last year and the chairman attributes this to the modest recovery in general consumer demand in main markets. The group has had spare capacity throughout the six months.

Subsidiary companies traded satisfactorily during the period. All of them experienced increased levels of sales and profits. The reorganisation of S. Fry and Co., mentioned in the annual statement, caused some administrative problems, but its activities as a group distribution centre for the London area are working well.

● comment

Taxable profits at Wolstenholme Bronze Powders rose 43 per cent on sales 42 per cent better leaving the shares 25p higher at 255p. The result is largely due to a first-time contribution of roughly £200,000 from Openshaw, without which profits growth would be nearer 12 per cent. Nonetheless the company's guarded optimism suggests a full-year outcome of around £2m. Bronze powder activities now account for only about half of group sales, and it is the development elsewhere which has underpinned the advance. Bronze power demand, however, is currently marginally better and, given the company's dependence on consumer-orientated customers this trend should continue in the second half. Meanwhile, the U.S. has also improved following last year's overstocking by some manufacturers. Longer term new pro*ducts to rival foil and aluminium* board should assure the continued importance of the group's traditional interests. But the smaller subsidiaries will play an increasingly vital role and, once Openshaw has settled down, other acquisitions seem likely. The shares stand on a prospective fully taxed p/e of 6.4 and a yield of 4.6 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Pyrnin, Richards (Leicester), Sabah Timber, G. W. Sparrow, Spong, Tanks Consolidated Investments.

Finals—Canadian Overseas Packaging, Cradley Printing, Monument Securities, Oceana Consolidated.

FUTURE DATES

Interims—	
Collett Dickenson Pearce Internat.	Oct. 11
External Investment Trust	Oct. 11
Feb International	Oct. 12
Hill (Charles) of Bristol	Oct. 12
Marks and Spencer	Oct. 17
Mettoy	Oct. 12
Reed (Austin)	Oct. 12
Sandeman (George G.)	Oct. 13
Transatlantic and Gen. Invests.	Oct. 11
Trust Union	Oct. 26
Whittington Engineering	Oct. 26
Finals—	
Burgess Products	Oct. 26
Spencer Gears	Oct. 19
Sun Life Assurance	Oct. 18
Tarry (E.W.)	Oct. 9

S. Lyles finishes down at £392,000

PRE-TAX PROFITS of S. Lyles, carpet spinner and dyer, finished the year to June 30, 1978, behind at £392,790 compared with £744,196 after £107,072 against £358,247 at halfway.

Mr. John Lyles, the chairman, states that the improvement in trading conditions during the second six months are continuing during the current year.

Exports at £3.49m (£3.28m) accounted for 35 per cent of the year's turnover, which was down slightly from £10.2m to £9.93m.

Earnings are shown as down *from 16.76p to 8.37p per 20p share* after tax of £161,500 (£135,550). Tax adjusted on the ED 19 basis, has been reduced by £2,000 for the 1977-78 year and by £241,500 for 1976-77. Prior year increases in reserves in respect of this charge aggregate £384,000.

The dividend payment is lifted to 4.9888p (4.4676p) net with a final of 2.9888p (2.4676p); the increase is influenced by the improvement in trading conditions, the directors state.

	1977-78 £	1976-77 £
Turnover	9,928,380	10,199,482
UK	6,435,234	6,922,671
Exports	3,493,026	3,276,811
Pre-tax profits	392,790	744,196
Tax	161,500	135,550
Net profit	231,290	608,646
Interim dividend	71,636	72,658
Final	106,559	89,621
Leaving	50,102	446,387

Exploration Co. ahead at halfway

FOR THE first six months of 1978, profits of the Exploration Co., the investment concern, advanced from £206,989 to £274,901, subject to tax of £128,420 against £104,073.

The result includes its fully-owned subsidiary, Group Traders, but excludes associates contributions.

For all 1977, pre-tax profits *amounted to £584,449 and a single* 0.3525p net dividend was paid.

At the half year, group assets, taking investments at market value, stood at £6.44m (£5.92m at December 31, 1977).

DIAMOND SHAMROCK EUROPE

The report on Diamond Shamrock Europe in the October 4 *issue related only to the UK com*pany, formerly known as Lankro Chemicals Group Limited. Other Diamond Shamrock companies in Europe including the UK are not included in the losses announced.

Bryant Holdings heavily hit by Saudi Arabia loss

AFTER DEDUCTING exceptional items of £2.64m, profits before tax of Bryant Holdings slumped from £2.66m to £64,029 in the year ended May 31, 1978. Turnover amounted to £57m compared with £6.5m.

The exceptional item is provision against actual and potential losses of an associated company in Saudi Arabia being the total amount of the group's investment in and advances to that company.

Bryant is not the first construction company to strike trouble in Saudi Arabia. Streeters of Godalming in July this year announced a marked deteriora*tion in its activities there and* warned that, "a drastic reappraisal of its investments there might be necessary."

After tax of £1.14m (£1.6m) and minorities last time of £81,788 there was an attributable loss of £89,422 against profits of £965,891.

Happily, the first quarter of the current year has produced excellent results, the directors say. The group's financial position is sound with ample liquid resources, and the future outlook is good.

A final dividend of 2.3215p gross makes a total of 3.7667p gross *against* 3.4242p.

The deficit attributable to Bryant takes into account an extraordinary item of £485,865 which represents release of previously non-distributable reserves as the result of sale of shares in Concrete Ltd.

The best present estimates of group's share of the actual and potential losses are considerably less than the £2.6m figure, but directors consider that it is prudent to make ample provision. Vigorous action has been and is being taken to restore the position.

SHARE STAKE

Wyndham Engineering Company: Cliff Hotel (Gwbert), Cardiff, notifies that Cliff Plant, its wholly owned subsidiary, has bought 89,246 shares (14.875 per cent).

Whitehouse advances to £0.22m

THE DIRECTORS of George Whitehouse (Engineering) report record taxable profits of £222,205 for the year to July 1, 1978, against £179,238 and say that *results reflect improved trading* in the second half.

At the interim stage profits advanced from £31,268 to £55,917 and the directors then said that indications were that results for the year would show a modest improvement.

Mr. A. J. Cross, the chairman, states that both George Whitehouse (Motors) and George Whitehouse (Birmingham) performed well during the year, but that the group's other subsidiary, Peterborough Die Casting sustained a trading loss. He adds that action has been taken to redress this situation.

Sales for the period were ahead from £11.27m to £13.81m and with pre-tax profits were split in an activity breakdown as to: car and vehicle distribution £10.55m (£8.13m) and £200,000 (£110,000); cold rolled metal sections and pressings £1.5m (£1.5m) and £141,000 (£135,000); aluminium pressure die castings £1.76m (£1.64m) and £43,000 loss (£21,000 profit), and central group costs £76,000 (£87,000).

After tax of £106,192 against £96,689, minorities and preference *dividends earnings are shown as* 13.73p per 50p share against 11.05p. The dividend is lifted to 2.32915p (2.086p) with a net final payment of 1.42165p.

There was an extraordinary credit of £14,646 (£39,867) being the profit on the sale of preference shares, net of tax, received from a bonus issue by Centreway: during the year Whitehouse acquired further shares in Centreway and the investment in this company is now 188,500 (21.4 per cent) shares.

	1977-78 £	1976-77 £
Turnover	13,811,183	11,266,152
Pre-tax profit	222,205	179,238
Tax	106,192	96,689
Net profit	116,013	82,549
Minorities	352	399
Extraord. credit	14,646	39,867
Making	130,307	122,017
Pref. div.	13,760	—
Interim ord.	6,733	6,028
Final	10,547	9,447
Retained	99,258	106,542

Crouch Group building scheme worth £3.5m

The Crouch Group's development subsidiary had obtained planning consent for three office blocks in central and suburban London involving a investment value of some £3.5m, Mr. Ronald Clempson, chairman, told shareholders at yesterday's annual meeting.

The construction would commence very shortly and it was intended to retain the two smaller developments for the investment portfolio and to sell the larger development.

Negotiations for the sale of this investment were already at an advanced stage and should result in the profit on it being realised this year.

Mr. Clempson also told shareholders that the group was confident of an improvement in profitability this year, that the *increased building programme of* Crouch Homes was currently on target and that all other subsidiaries in the group were operating profitably despite continuing pressure on margins.

Clive Discount slower mid-year

BECAUSE OF A 3.5 per cent rise *in the minimum lending rate* during the last six months the results at Clive Discount halfway through the year to March 31, 1979, compare unfavourably with those at the same stage of 1977-1978, the directors report.

However the net interim dividend is raised to 2.03p (2p). The final last time was 2.7748p paid from profit of £2.12m (£1.32m), after providing for rebate, tax and transfer to contingencies reserve.

In June the directors said that performance of markets in the current year would continue to be volatile while uncertainties remained as to political, monetary and economic outlook.

A dramatic drop in interest rates from the then existing rates looked unlikely but it should be possible to maintain satisfactory running profits and jobbing opportunities should occur from time to time they said.

See Lex

Good start by Wagon Industrial

Mr. C. Leslie Smith, chairman of Wagon Industrial Holdings, told the annual meeting in Birmingham that the results for the first five months of the current financial year showed a pleasing improvement over the figures for the same period last year.

He was confident that given the maintenance of existing conditions group results would be satisfactory "and we may, indeed, break new barriers."

In the year to March 31, 1978, group pre-tax profit improved from £2.68m to a record £3.78m.

PROPERTY DEALS

J. Sainsbury and Bentalls of Kingston have been appointed by the Tonbridge and Malling District Council as joint developers of a £3m, 80,000 sq ft town centre shopping scheme. The building will include a community centre, squash courts and assembly hall along with surface parking for 603 cars.

Bentalls expect to occupy around 70 per cent of the store space with Sainsbury in the remainder. Work on the site is expected to start next spring. Hillier Parker May and Rowden advised the council throughout a tendering period during which schemes were submitted from Asda, Fine Fare and Tesco as well as a number of property development groups.

●

Two small office suites in the shadow of the Stock Exchange Tower have come on to the letting market this week. Richard Ellis and St. Quintin Son and Stanley are now marketing the 16,500 sq ft self-contained office block that forms part of the Clothworkers Company's giant Angle Court development. The new air-conditioned block is offered at £300,000 a year, £18.20 a sq ft. Haslemere Estates, through Jones Lang Wootton and Drivers Jonas is asking just £12.85 a sq ft for its 7,000 sq ft refurbishment around the corner at 27 Throgmorton Street, E.C.2. Haslemere holds an underlease from the Drapers Company on the building where refurbishment finance was provided by Friends Provident Life.

●

Scottish shop rents and capital values continue to soar ahead. Private developers Arrowcroft Investments have notched up the highest retail rent ever recorded in Sauchiehall Street this week with a pre-letting of a double standard unit in its £3.5m former Daly's department store scheme. Van Allen, part of the Tootal Group, is to pay £75,000 a year for the shops. Leavers, who acted for Arrowcroft are not marketing the rest of the 30,000 sq ft retail space until next year. Edward Erdman advised Van Allen.

Richard Ellis has also been finding the Scottish retail market active. In Glasgow it now reports rents of £50 to £60 a square foot for shops in Argyle Street, £15 to £20 more than a year ago. In Edinburgh a £1.1m sale and leaseback for the Electricity Supply Nominees of a 2,000 sq ft Etam shop at 113, Princes Street recognises current rents of over £50 a square foot.

On the Princes Street deal the ESN was happy to receive an initial yield of just 4 per cent. Elsewhere Ellis reports prime shop rents of up to £23 a square foot in Aberdeen, £16 in Murraygate in Dundee and £15 to £16 in Perth.

Thames TV up 11% to £8.65m

NET ADVERTISEMENT revenue at Thames Television increased 20 per cent from £46.9m to £56.24m in the year to June 30, 1978, and taxable profits expanded 11 per cent to a record £8.65m against £7.76m last time.

Mr. Howard Thomas, chairman, says that the tenth year of Thames has been its most successful, measured both by programmes and profits.

In the first quarter of the current year, advertisement income has continded to rise and overseas sales are expanding, he adds.

Direct expenditure on Thames' own productions has been increased considerably, nevertheless, it is hoped to maintain the 1977-78 level of profits.

Profit for the period of Thames, a private, unquoted company jointly owned by Rediffusion Television — a subsidiary of British Electric Traction Company — and EMI, was struck after the Exchequer Levy of £13.69m against £11.6m. Net profit was £3.96m compared with £3.62m after tax of £4.69m (£4.14m).

NORANDA

Noranda Mines, the Canadian group, is selling its Bell Copper unit and its Morrison prospect to Granby Mining of Vancouver, a subsidiary of the diversified U.S. resources group, Zapata Corporation, reports John Soganich from Toronto.

No price has been disclosed. Both properties are in British Columbia.

Bell Copper's mine at Babine Lake started production in 1972 and has the capacity to treat 13,800 tons of ore per day. Granby Mining has a mine nearby which has a capacity of 14,000 tons of ore per day.

The new owners plan to expand Bell Copper to 17,000 tons of ore a day, and Mr. William Flynn, the Zapata chairman, said the acquisition gave Granby additional reserves in the vicinity of existing operations.

Bell Copper's operations was constructed at a cost of C$44.5m (£19m) and at the beginning of the year it had reserves of 25m tons averaging 0.492 per cent coper and 0.012 ounces of gold per ton. In 1977 production was 4.9m tons of ore, grading 0.428 per cent copper and 0.009 ounces of gold.

Scottish site bought to save electric plant

By Our Glasgow Correspondent

THE Scottish Development Agency has bought a £652,000 site near Glasgow to safeguard the Scottish control systems factory of Satchwell Sunvic, a GEC subsidiary, and its 1,100 jobs.

The 31-acre site at Motherwell was owned by the Ministry of Defence, which has decided to sell it together with the company's rented 340,000 square feet production complex.

The agency stepped in to buy the site and premises so that a long-term lease could be negotiated with the company and a further ten-acre site set aside for future development.

Mr. Hugh Jack, the agency's director of industry, said the deal obviated the possibility of redundancies which could have arisen if Satchwell Sunvic had been forced to move.

£1m cathedral appeal set up

EXETER CATHEDRAL needs £1m for urgent repair and conservation work — and a special service of dedication marking the start of an appeal will be held in the cathedral on Saturday.

Prince Charles, president of the preservation trust has said in a special message that it would be a great tragedy if the building was allowed to disintegrate.

RESULTS AND ACCOUNTS IN BRIEF

EL ORO MINING AND EXPLORATION COMPANY—For first half 1978 pre-tax profit £156,570 (£117,161), tax £44,898 (£52,505). Figures include the fully-owned subsidiary General Explorations but excludes the associate companies' results.

GRIMSHAWE HOLDINGS (industrial group)—Results for April 30, 1978 year reported October 2 in full preliminary statement. Group fixed assets £1.15m (£1.31m) net current liabilities £608,580 (£1,010,595). Auditors say accounts have been prepared on going concern basis on assumption that group's bankers, Midland, will continue support. Also, investments and loans at £263,212 (£250,712) represents shares in and loans to companies concerned in legal proceedings brought by a group company. Furthermore, recent accounts are not available in respect of these companies and therefore, they say they are unable to satisfy themselves as to value of these assets. Meeting, Leeds, November 2, noon.

MINERALS AND RESOURCES CORPORATION—Results for year to June 30, 1978 already known. Investments and loans US$295,722 ($291,169), fixed assets $5,879 ($6,085). Net current assets $30,201 ($31,942). Meeting, Bermuda, November 7.

ZAMBIA COPPER INVESTMENTS—Results for June 30, 1978 year already known. Investments and loans U.S.$223,678 ($243,271), net current assets $23,708 ($24,910). Auditors say provision has not been made for decline in current value of group's investments in Nchanga Consolidated Copper Mines and Roan Consolidated Mines, stated at a cost of $201.35m. Meeting, Bermuda, November 7.

BIDS AND DEALS

Berec sells Churchouse

Crompton Parkinson, a subsidiary of Hawker Siddeley Company, is paying about £1.4m cash for C. M. Churchouse, a subsidiary of the Berec Group (previously known as Ever Ready Company).

Berec acquired Churchouse, a speciality lighting manufacturer with an annual turnover around £2¾m, when it bought J. A. Crabtree and Company some six years ago. According to Mr. Colin Stapleton, a Berec director, Churchouse did not really fit in with Crabtree's range of electrical wiring accessories, circuit breakers and motor control gear but Berec spent some management time and effort attempting to build the Churchouse operations. When it failed to achieve its budget in 1977-78 a decision was taken to sell it.

Crompton Parkinson is already in the lighting business with a range of light bulbs and light fittings and it sees the acquisition as a means of strengthening its product base. The Churchouse range includes emergency, general area and amenity lighting and associated equipment for local authorities, public utilities and area health authorities.

APV pays £1.5m for Carlson-Ford

APC Holdings, which makes processing and heat transfer equipment, has acquired Carlson-Ford from Guest Keen and Nettlefolds for £1.5m cash. At the same time APV has sold APV-Bowser Filtration to the Keene Corporation of the U.S. for £0.3m cash.

Carlson-Ford makes filter presses and filter media for the distillery, brewery and food industries. Its products complement equipment supplied by the APV group.

APV said that the development of Bowser's business has been to customers which do not match the rest of the group, with its main business based on a licensing agreement and technological backing from Keene.

It was therefore in the longer term interests that Bowser should become part of Keene.

Green Shield chief sells motor dealership

BY NICHOLAS COLCHESTER

Mr. Richard Tomkins, chairman and founder of the Green Shield trading stamps group, has sold his motor vehicle dealership in Bedford. The price of the deal is undisclosed.

Mr. Tomkins bought Beds. Autocar, a Ford main dealer, about eight years ago. A spokesman said the motor business did not fit in with the retailing profile of other businesses owned by Mr. Tomkins.

These include the Argos discount stores chain, the Midland Ideal Homes and New Day Holding Furniture companies and the Stoneware building materials enterprise. The Green Shield operation has been particularly hard hit over the past year following the decision by many companies to stop using trading stamps.

The new owner of Beds. Autocar—now renamed Charles King Motors—is Swiss-based Overseas Buyers, a subsidiary of Union Trading International, a multinational private company. The new owner proposes to continue the business in its present form and a spokesman said there would be no redundancies.

SHARE STAKES

Great Portland Estates—Basil Samuel, chairman, yesterday sold 100,000 shares.

Scottish and Newcastle Breweries: As a result of Mr. E. H. M. Clutterbuck's resignation from various trusts, his non-beneficial interest in 1,040,560 has been eliminated.

Trust Houses Forte: Kuwaite Investment Office has acquired interest in a further 155,000 shares making total interest 5,200,000 shares (5.16 per cent).

Wadham Stringer: F. C. Stringer, director, has disposed of 50,000 shares.

Young Companies Investment Trust: Scottish Amicable Life Assurance Society with subsidiary now holds 1,788,750 shares (27.52 per cent).

Aquis Securities: H. C. Quitman, director, disposed of 10,000 shares at 21p on September 29.

Electronic Rentals Group: R. K. Black, director, sold on September 15, 49,787 shares at 140p and 18,250 at 142½p.

Singapore Para Rubber Estates: Kuala Lumpur-Kepong Investments has sold 2,500 shares leaving interest at 161,000 shares (6.17 per cent).

Staveley Industries: Norwich Union Life Insurance Society holds 430,255 shares (3 per cent), Norwich Union Insurance Group (pensions management) 121,278 shares (0.9 per cent) and Norwich Union Group Trust 214,500 shares (1.5 per cent). Total 766,033 shares (5.4 per cent).

Ferranti announces the following share sales by directors. Mr. P. F. Dorey has sold 233 units at 357p. Mr. S. Z. de Ferranti has sold 100,000 shares in names of self and I. Mackeson-Sandbach and 330,009 in name of Control Nominees, at 357p. Mr. B. Z. de Ferranti has sold 70,838 shares in names of self and Owen Powell Simpson "A" account and 48,406 in name of Control Nominees, at 357p.

Talbex Group—P. J. de Savary, director, has bought £12,500 11½ per cent convertible redeemable unsecured loan stock 1979-83.

BANK RETURN

—	Wednesday Oct. 4 1978	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	[illegible]	+ 4,602,172
Special Deposits	[illegible]	— 42[illegible],160,007
Bankers	2[illegible],609,477	—179,469,362
Reserves & Other A cs	6[illegible]1,151,645	— 2,957,367
	[illegible]	—177,759,147
ASSETS		
Govt. Securities	[illegible]	— 161,510,001
Advances & Other A cs	[illegible]	— 11,575,429
Premises, Equipt. & other Secs.	[illegible]	+ 63,267
Notes	[illegible]	— 5,172,587
Coin	[illegible]	+ 35,597
	[illegible]	— 177,759,147
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	[illegible]	— 25,000,000
In Circulation	[illegible]	+ 30,172,567
In Bank'g Dept	[illegible]	— 5,172,587
ASSETS		
Govt. Debt	[illegible]	—
Other Govt. Secs.	[illegible]	— 22,004,012
Other Securities	[illegible]	+ 2,995,988
	[illegible]	— 25,000,000

MINING NEWS

Mines president expects gold to stay strong

BY KENNETH MARSTON, MINING EDITOR

THE GOLD price will remain more or less at around its present levels—it was a record $223¼ per ounce yesterday—and should stay strong in 1979, according to Mr. P. A. von Weilligh, president of the Chamber of Mines of South Africa.

He told a Johannesburg business conference yesterday that the factors which have influenced the price, notably the weak U.S. dollar and, to a lesser extent, world economic uncertainties and inflation, are unlikely to be much ameliorated during the rest of this year.

He added: "While the U.S. dollar may enjoy periods of recovery over the next year, the fundamental problems of that currency have yet to be solved." He reckoned that South Africa's gold production this year will be slightly up on last year when 22.4m ounces were produced, and a further marginal rise is likely in 1979.

On the subject of uranium, Mr. von Weilligh commented that world demand continues strong and prices remain "reasonably" firm. Additional long term sales have been made by South African producers for which production is planned to start at intervals over the next few years. South African output of uranium oxide is running at about 5,000 tonnes a year and should increase in 1979, but Mr. von Weilligh did not quantify the expected rise.

At the same time, there appear to be signs that the scramble for contractual uranium supplies is beginning to ease. In the Buffelsfontein annual report this week the chairman, Mr. J. C. Fritz, said that there has been a tendency on the part of uranium customers to take delivery as late as possible, but he described the medium-term outlook as "relatively good."

AMCOAL STARTS KLEINKOPJE SHIPMENTS

Development of the Anglo American Coal colliery at Kleinkopje in South Africa has moved a stage further forward with the first rail shipments of coal to the Richards Bay stockpiles of the Transvaal Coal Owners Association.

At the same time the recently completed 1,700-ton dragline "took its first walk," as Amcoal put it.

The first stage of the open-pit mine's development becomes fully operational in December and by next June production at an annual rate of 2.7m tons will be reached.

The second phase of development comes to fruition in January 1983 when a second dragline starts working in a separate pit. This will allow output to rise to an annual rate of 4.2m tons.

Work at the project is going ahead on schedule. The cost, announced last year using 1976 money terms, is R109m (£63.8m).

CAROLIN TAPS OIL FUNDS

Carolin Mines of Vancouver has reached an agreement with three oil companies grouped together as Aquarius Resources under which funds have been provided for the completion of a feasibility study at the Carolin gold property near Hope, British Columbia.

Aquarius holds the option to provide the funds to bring the Hope prospect to production. The companies involved in the consortium are Great Basin Petroleum, Ocelot Industries and Canadian Obas Oil.

Under the first phase of the agreement Aquarius has provided C$800,000 (£355,975) and has an option to provide a further C$160,000 to complete an underground exploration programme and feasibility study. This will be completed by the end of the year and a progress report should be available in the near future.

EAST RAND CONS. EARNS LESS

Half-yearly earnings fell at East Rand Consolidated, the London investment group with a portfolio stretching from gold shares to UK industrials, it was announced yesterday.

Net profits for the six months to June were £108,000 against £151,000 in the same period of 1977. The company stated that investment income was down because of the later declaration of some dividends compared with last year.

Revenue from dividends and interest was £128,000 or £86,000 less than in the same period last year. But it is anticipated the total for the year will be greater than last year's. At the same time market conditions are more favourable for investment dealing, the company said.

The shares were 19½p yesterday.

TECHNICAL HELP FOR INDONESIA

The Ministry of Overseas Development is spending £560,000 to finance the investigation of Indonesian coal reserves in East Kalimantan, it was announced yesterday.

Three geologists from the Institute of Geological Sciences, London, are already in the field as part of a three years' project. They are training Indonesians on the spot.

The aid contribution covers also specialist consultancy services and the cost of four drilling rigs, manufactured by English Drilling of Huddersfield and mounted on Bedford trucks.

OIL AND GAS NEWS

Testing completed at Fortescue Well

TESTING HAS been completed at the Halibut No. 1 well in the recently discovered Fortescue oil field offshore Victoria. The find was announced on September 21 by the Broken Hill Proprietary Esso Exploration and Production consortium.

Results of the tests were not disclosed and the well has been suspended for possible later sub-sea completion, according to BHP.

Halibut No. 1 was the fourth in a four to six well series aimed at testing new structures west of the Halibut. Two wells were dry but the other oil productive well, as with Halibut No. 1, was suspended for possible future sub-sea completion.

The rig used to drill the Halibut series of wells has now moved to the Cobia field Cobia 2 location and has started installing sub-sea completion equipment.

The consortium recently announced their intention to bring the Cobia field into production at a cost of around A$200m.

* * *

Without disclosing any reasons for the move Gulf Oil says that it plans to drill its Baltimore Canyon wildcat well to a depth of 19,000 ft. Gulf is currently drilling at 17,600 ft in the well which is situated offshore New Jersey.

Gulf says that it obtained permission to drill at the 19,000 ft depth from the Office of Standard and Geological Survey of the U.S. Interior Department following a request last month.

The company recently completed cement casing to the 17,600 ft level and is believed to have commenced the deeper drilling.

Indonesian oil production is expected to fall 15m barrels this year according to the Indonesian Mining Ministry.

This year's output is estimated at around 600m barrels compared with actual production in 1977 of 615m. State revenue from oil exports in the first nine months this year totalled $U.S.582m.

Minorco sails ahead

THE CONTINUED low level of copper prices continues to bear heavily on the Zambian copper industry which also has to cope with severe transport difficulties and a shortage of foreign exchange. But the Anglo American Corporation group's Bermuda-registered Minerals and Resources Corporation, which holds 49 per cent of Zambia Copper Investments, is keeping its head above water and paying dividends thanks to its substantial income from non-copper investments.

Of these, the 29 per cent-owned U.S. Engelhard Minerals and Chemicals earned a net $121.6m (£62.2m) last year while the 43 per cent-owned U.S. Trend oil group turned in earnings of $1.65m against a loss in 1976 of $5.91m.

Also helping Minorco earnings was the wholly-owned Zamangle Industrial Corporation which contributed $1.34m. Minorco's total net profit for last year was $15.15m compared with $12.72m in the previous year. An unchanged dividend total of 12 cents was paid.

Mr. W. D. Wilson, the president of Minorco remains confident that the company's copper investments, which include 38.5 per cent of America's Inspiration Copper, will "yield adequate returns in years to come." He sees little prospect of an early increase in the copper price, but feels that the longer the market remains depressed and production is curtailed, the sharper will be the eventual recovery.

Dr. Z. J. de Beer, president of Zambia Copper Investments reckons that it will require a sustained period of substantially higher copper prices before the Zambian producers can resume paying dividends. "The prospects for an early recovery in the company's fortunes remain bleak," he adds.

ZCI holds 49 per cent of Nchanga Consolidated Copper Mines and 12.25 per cent of Roan Consolidated Copper Mines.

Under the capital reconstruction scheme proposed for Nchanga ZCI's stake in that company will fall to 39.997 per cent. Reconstruction proposals are also being negotiated for RCM.

ZCI has 12 per cent of the struggling Botswana RST. It is expected that the latter will call for funds under a standby facility towards the end of this year and as a result ZCI will need to make use of the loan facility of $19.3m made available by Minorco.

In London yesterday, shares of ZCI were 14p while those of Minorco were 177p.

Harrisons Malaysian on target with £24.9m

AS FORECAST in May, the directors of Harrisons Malaysian Estates, a subsidiary of Harrisons and Crosfield, report taxable profits of £24.9m for the year to March 31, 1978. This is compared with £24.3m previously, a figure which is for illustration only and which has been derived from the results of Golden Hope, London Asiatic, Pataling, H. and C. Latex and Glengowrie prior to their becoming subsidiaries of Harrisons Malaysian.

Trading profit for the year was £22.3m (£21.98m) and was split as to (£000): rubber £3,519 (£4,923); *palm oil and kernels* £12,537 (£12,686); copra £597 (£550); and cocoa £5,630 (£3,818).

Drought during 1976 and 1977 adversely affected crops for the year, particularly during the final quarter, the directors state, although the effect upon the company's harvests seems not to have been as severe as generally experienced throughout the industry.

The shortfall in crops was compensated for by higher cocoa prices, they add.

Crops during the current year are expected to be ahead of last year; the cocoa price is well below last year's exceptionally high levels, although in general, other prices are firmer.

After tax of £13.72m (£12.79m) earnings are shown as 6.66p (6.87p) per 10p share—tax charges *are not comparable because of* the effects of the transfer of residence of the underlying subsidiaries and the introduction of the UK holding company.

As already known, the dividend is stepped up *from* a *forecast* 3.5p to 4p net per share with a second interim of 2.75p; as a result of the success of the merger with H. and C. there was a saving in ACT and the second payment was increased from 2.25p. The total for the year absorbs £6.62m.

	1977-78 £000	†1976-77 £000
Profit	22,303	21,977
Other income	2,599	2,335
Pre-tax profit	24,902	24,312
Tax	13,717	12,793
Minority	71	46
Making	11,114	11,473
Extraord. debit	25	895
Attributable	11,089	10,578

† Figures derived from records of Golden Hope, London Asiatic, Pataling, H and C Latex, Glengowrie, prior to their becoming subsidiaries.

Mr. D. J. Eldridge, the chairman, says.

As known, following the sale of the Zambian holding company for £0.4m, remittable over the next two years, the acquisition of Reid and Lee, a UK motor distributor, was negotiated.

Emray making good progress after reshape

Pre-tax profit of £45,000 on turnover of £1.23m is reported by Emray for the first half of 1978.

Last time the surplus was £134,000 on sales of £807,000 but the directors point out that the results are not comparable as the company's Zambian interests, the major part of its activity, were sold on January 1, this year. The proceeds received from this sale were not invested until the second half.

No tax was charged for the half year against £75,000 for the comparative *period and it is* anticipated that no tax will be payable because of the stock relief due to expansion.

The company is now making good progress on the building up of a profitable UK trading base,

Sanderson Murray downturn

WITH SECOND half profits halved from £166,587 to £80,793 at Sanderson Murray and Elder (Holdings), the taxable total for the full year to June 30 1978 finished behind at £148,793 against a peak £209,587 last time. Turnover was down at £4.63m against £4.75m.

The directors state that current trading conditions are difficult and there is as yet no indication of a recovery. They say it needs improved textile consumption here and overseas to re-establish an orderly balance with productive capacity, and so relieve distressed prices.

Profit included investment income of £41,079 compared with £37,528 and was subject to a tax charge of £32,936 (£30,876). Earnings per 50p share are reduced by a third from 9.3p to 6.1p and the dividend is stepped up to 3.465p (3.103p) net.

There was an extraordinary credit of £83,706 for the year, being the surplus on the disposal of land and buildings.

	1977-78 £	1976-77 £
Turnover	4,632,000	4,746,000
Invest. income	41,079	37,528
Pre-tax profit	148,793	209,587
Tax	32,936	30,876
Minorities	867	987
Attributable	114,990	177,944
Extraord. credit	83,706	—
Retained	132,901	115,857

Ex-Lands well ahead

Profits of Ex-Lands for the first half of 1978 rose from £21,000 to £44,000 after charges including interest, but before tax of £18,000 against £9,000. Profits last year totalled £296,544.

The directors confirm that, subject to Nigerian exchange control approval, the proceeds relating to the sale of 60 per cent of the company's subsidiaries, amounting to some £210,000, will be remitted to the UK.

Consolidation of the results of Ex-Lands Nigeria will therefore not take place at the end of the current year and the half-year results have been adjusted accordingly.

The investment portfolio has benefited from the recent improvement in share prices and the Board expects income from this source will exceed that for 1977.

George Wills to beat forecast

DESPITE REPORTING a reduction in pre-tax profits from £445,000 to £305,000 for the first six months of 1978, the diretcors of George Wills and Sons (Holdings) say that latest management figures point to a satisfactory second half and they are confident of comfortably exceeding their previous forecast of not less than £750,000 for the full year.

Last year, record profits of £967,000 were achieved and at the July annual meeting the directors said that all divisions of the importing and exporting group were continuing to show satisfactory progress with the exception of its international commodity section, where a temporary setback in profitability had been experienced.

Turnover for the half year rose by £2.3m to £30.9m. After a tax charge of £159,000 (£231,000) and minorities of £10,000 (£13,000), attributable profits fell from £201,000 to £136,000.

The net interim dividend is stepped up from 0.825p to 0.92125p per 25p share—last year's final was 0.7292p.

Sizewell European Investment

European stock markets, after a subdued start, showed some strength in the closing months of 1977-78—a trend which has continued into the current year. Lord Parmoor, chairman of Sizewell European Investment Trust, states.

At year end July 31, 1978, the trust's equity portfolio was distributed in percentages as to Germany 29.3 (25.9); Netherlands 19.3 (26.4); France 15.3 (10.5); UK 8.9 (9.2); Switzerland 6.4 (6.7) and Italy 3.5 (3). Of the remainder 16.8 (17.2) per cent was held in the U.S.

Foreign assets at the balance date amounted to £7.22m (£6.83m). Foreign currency loans were at £5.4m (£5.2m) and the premium on investment currency totalled *£0.87m (£0.72m)*.

Sterling assets of £5.35m (£4.28m) comprised holdings of Gilts up from £1.39m to £3.76m, local authority bonds down to £0.97m (£2.35m) and other listed UK securities at 0.62m (££0.53m).

Net liquidity was up £1.31m (£0.19m) with cash and short-term deposits £1.39m (£0.15m) higher.

As known for the year to July 31, income was up at £700,507 (£693,020) and net revenue improved to £156,372 (£144,624) after tax of £131,760 (£112,980). The net dividend is stepped up to 1.8p (1.5p) per 10p share.

Meeting, 20, Birchin Lane, EC, on November 2 at 12.30 pm.

Downturn for Ramar Textiles

ALTHOUGH TURNOVER was higher at £9.08m, against £7.61m, taxable profits of Ramar Textiles, the ladies' clothing concern, dropped from £274,670 to £205,983 for the year to April 28, 1978. At halftime, the result was down £24,415 to £110,385.

Full year earnings per 5p share are shown as 1.43p (1.55p) basic, and 1.12p diluted. On increased capital, the dividend is effectively raised from 0.21135p to the maximum permitted 0.3018p net—no dividend is payable on £175,000 deferred convertible shares.

Following the February scrip issue of two ordinary or two deferred *convertible* shares for each ordinary held, the directors now say that if no shareholder had elected to receive deferred convertible shares, the maximum permitted dividend would have been *0.226p*

After a tax charge of £21,441 (£20,691), extraordinary debits this time of £14,630 and dividends, retained profits emerged at £126,762, against £214,806.

Profit rise for Singapore Para Rubber

From turnover of £446,753 against £413,381, profits before tax *of the Singapore Para Rubber* Estates improved from £72,013 to £112,834 in the year ended March 31, 1978.

Tax takes £54,000 (£28,400) giving earnings per 5p share of 2.051p against 1.671p. The year's dividend is lifted from 0.7p to 1.2p net.

Sime Darby chief defends board decision on auditors

BY JAMES BARTHOLOMEW

The chief executive of Sime Darby Holdings, Mr. James Scott, yesterday defended his board's decision to sack the company's auditors, Turquand Youngs and Co.

Speaking from Kuala Lumpur, Mr. Scott said that Sime currently employs 30 different firms of auditors and it was time to settle for just one.

The board considered that Price Waterhouse was better placed to meet the needs of the group, which has substantial international interests and is "unashamedly expansionist." Price Waterhouse is one of the "big eight" accounting firms in the world and has a more complete international coverage than Turquand, notably in North America and West Asia, he said.

Mr. Scott declined to comment on suggestions that the sacking has something to do with the Pinder scandal several years ago. Mr. Pinder was a chairman of the group who was found to have misused company funds and was ultimately sent to jail. Turquand played a significant part in exposing him.

Mr. Scott also would not comment on the competence of Turquand, although he emphasised that the dismissal did not reflect in the very least on the professional integrity and standing of the firm.

He would have understood the controversy caused by the change if the incoming firm had been unheard of, he said. But shareholders had no cause for worry with a firm of Price Waterhouse's repute taking on the audit. Price Waterhouse was already responsible for several audits in the group.

Meanwhile, in London, Mr. John Barney of Turquand, Barton, Mayhew and Co. reported yesterday that he wished Sime would reveal the real reason for his firm's dismissal so that a reply could be made. Turquand is fighting to keep the audit and will ask shareholders to override the Board's decision at the annual general meeting on November 17.

Turquand, Youngs and Company is the Far Eastern arm of the Turquand, Barton, Mayhew *and Company partnership based* in the UK.

OUTLAY BY COPE SPORTSWEAR

A new £850,000 capital spending programme is being undertaken by Cope Sportswear in a recently occupied factory at Ocean Road, Sunderland, formerly used by Jackson the Tailor.

W. & R. Jacob upturn

FOLLOWING THE forecast in May of a return to a more normal level of profitability throughout the year, W. and R. Jacob, biscuit maker, shows a recovery from a pre-tax loss of £342,000 to a profit of £314,000 for the 28 weeks to July 14, 1978.

The directors now say that if the present momentum of the company's trade continues throughout the important Christmas sales period they would expect to show a satisfactory year's trading overall.

Last year a surplus in the second six months left the full-time deficit at £148,000, compared with £239,000 profit in the previous year and a peak of £820,000 for 1974/75.

Sales for the half-year advanced nearly £3m to £14.59m.

Stated earnings per 25p share were 4.2p (loss 1.8p) and the *interim dividend* is raised to 1.2p (0.8125p) net to reduce disparity. Last time a final of 3.25p was paid.

The result was struck after depreciation of £253,000 (£212,000) and interest of £227,000 (£206,000). Tax took £85,000 (credit £251,000) leaving a net balance of £229,000 (loss £91,000).

Richmond Life launches diamond bond

Richmond Life Assurance, a company based in the Isle of Man, is today launching a new single premium bond, the proceeds of *which are to be very largely* invested in diamonds.

The managers of the new fund—Cayman-based Diamexpansion, in which investment and financial group Ladica, and the Antwerp firm of diamond traders and cutters Tache et Cie have an interest—are to buy and sell cut and polished diamonds of between one and three carats weight. They reckon that such stones are reasonably marketable, but have built in two safeguards against a rush of withdrawals: first, up to 25 per cent of the fund is to be kept in liquid form (probably in Irish gilts), and secondly, the right is reserved to defer redemptions for up to six months.

Richmond Life, which own the Surinvest group of unit trusts, is not authorised to carry out business in the UK, although it can consider applications from UK residents.

The minimum single premium accepted is £1,000, although there is a savings scheme for those prepared to put in a minimum of £250 a quarter. Richmond Life says that only a proportion of any individual's money should go into this fund, and that it should be considered a two-to-three year investment.

John Finlan returns to profit

Following a loss of £92,105 for 1977, John Finlan returned to *profitability* in the first half of 1978 with a pre-tax profit of £20,860, compared with £36,063 for the same period last year. Turnover rose from £581,726 to £974,744.

The directors say that since their last report, orders in excess of £1.5m have been received and it is expected that further contributions to turnover will be made by the developments at Luton and Middleton.

After tax of £10,850 (£18,753), earnings per 10p share fell from 0.58p to 0.34p. The directors say they consider it prudent at the present time not to declare an interim dividend—the last payments totalled 4.9p net in respect of 1973.

The company acts as a designer and constructor of industrial and commercial buildings and developer of industrial land.

ASSOCIATES DEAL

Cazenove and Co. has purchased 5,000 Ch Goldrei, Fouchard and Son at 104½p on behalf of Northern Foods.

AMERICAN NEWS

Carrier in Jenn-Air defensive takeover

By John Wyles

NEW YORK, Oct. 4.

CARRIER CORPORATION, the target of an unwelcome $1bn takeover bid for United Technologies, today announced the apparently defensive acquisition for $101m of Jenn-Air Corporation, an Indianapolis manufacturer of household appliances.

Although Carrier declared that its board of directors had authorised the negotiations with Jenn-Air five days before United made its proposal on September 18, the outcome appears to be extremely convenient for the company.

The "definitive" merger agreement with Jenn-Air involves the issue of a minimum of $3.4m of new Carrier stock which would consequently raise the cost of Carrier's acquisition by United to about $1.2bn. But perhaps more important is the fact that 66 per cent of Jenn-Air's stock is controlled by Mr. Louis J. Jenn, the company's chairman, and his family.

As a result of the agreement, their holding in Carrier will amount to about 8 per cent of Carrier's outstanding common stock, which is a useful block to have in friendly hands when trying to resist a takeover.

The transaction involves Carrier issuing a minimum of 1.35 shares for each share of Jenn-Air common, which according to the agreed formula is valued at not less than $30 per share.

Jenn-Air's board and stockholders are expected to meet soon to ratify the deal. Mr. Melvin Holm, chairman of Carrier, said late today that talks had started with Jenn-Air last May. According to their announcement, Jenn-Air's earnings have achieved a 57 per cent annual compound growth rate between 1972 and 1977. The compound growth of sales has been 36 per cent. In the year ended June 30 Jenn-Air's sales amounted to $72.14m and net income $4.8m or $2 per share.

Despite the announcement, the weakness in carrier's stock which has been evident over the last few days continued today and the stock closed at $26, down ½. Carrier reached a 12-month high of $28½ last week.

The prospect of a lengthy takeover struggle with United and the fact that the company's book value is a modest $17 a share has prompted some selling.

Meanwhile, United's merger move is under scrutiny from several quarters. New York State authorities are holding hearings the week after next to determine whether United is complying with the State's takeover laws while the Justice Department is also investigating the possible anti-trust implications of an acquisition of Carrier which, in turn, has filed an anti-trust suit against United.

● In Hartford, United Technologies Corporation said it is filing a counterclaim lawsuit against Carrier Corporation which it claims, made false and misleading statements to shareholders and the public concerning the value of Carrier's own shares.

United Technologies said its suit accuses Carrier of violating Federal Securities laws by making the statements in a September 25 Press release and in a letter to Carrier shareholders.

The release described United Technologies' offer to negotiate a merger with Carrier on the basis of $28 a common share as clearly inadequate from a financial point of view.

G. E. to acquire cable TV group

BY STEWART FLEMING

NEW YORK, Oct. 5.

GENERAL ELECTRIC, the world's leading electrical equipment producer, today disclosed plans for another major diversification — the acquisition for $467m of Cox Broadcasting, a company which owns TV and radio stations and is expanding rapidly in the cable television business.

Two years ago, G.E. bought Utah International, a leading natural resources group for $2bn. But its move to buy Cox is likely to generate just as much interest and could stimulate growing investor and industry interest in the rapidly developing cable television business. For a decision by a company with G.E's enviable business reputation to make such a commitment to a newly emerging industry is a development of immense significance.

In its announcement today, G.E. said that its board and the board of Cox had authorised their managements to enter into merger negotiations.

The deal will be a share exchange in which Cox shareholders will receive 1.3 G. E. shares for each Cox share, valuing the Cox equity at between $65 and $72 a share.

This compared with the pre-announcement price for Cox of $49 a share, a level at which it was selling at around 12 times earnings. At $72 a share, Cox is being bought out at around 19 times last year's earnings of $3.82 a share—another indication of the value which G.E. appears to place on the future of the Cox business.

Cox last year reported sales revenue of only $186m (considerably less than the offer price) and a net income of $23.7m.

The outlook for the company was transformed last year when Cox Broadcasting acquired Cox Cable. Cable TV is a system of distributing television programmes along wires similar to telephone cable rather than through the air. Companies promoting the system are able to offer prospective viewers with many more channels than the seven which are available in many U.S. cities including New York.

So far cable Television has been growing significantly but has well under the 30 per cent market share of the TV market which many analysts say represents the point at which it could start becoming a major competitive threat to the three national TV networks—CBS, NBC and ABC. Cox is only one of several quoted but relatively small companies in the cable TV business.

A constraint on its expansion —cable TV is not a regulated industry—is its ability to finance expansion. But a merger with a company of GEC's size (it had sales revenues last year of $17.5bn) would clearly remove that constraint.

Cox currently owns TV stations in San Francisco, Pittsburgh, Atlanta, Charlotte and Dayton. Through Cox Cable it owns 41 cable TV systems.

G.E. has only minor broadcasting interests in the shape of eight radio stations, three TV stations and 12 cablevision systems.

The company said that it seems likely that under Federal Communications Commission regulations it may have to sell three TV stations and perhaps at least six radio stations.

It made no comment on the question of whether the proposal raised anti-trust issues.

Drexel Burnham in bid for LME dealer

NEW YORK, Oct. 4.

DREXEL BURNHAM LAMBERT, the Wall Street securities firm, is seeking ot move into the London Metals Exchange through the acquisition of MacLaine, Watson and Co.

Announcing the agreement in principle to buy the LME member firm from Anschutz Corporation of Denver, Mr. Robert Linton, Drexel Burnham's president and chief executive officer, stressed that the deal was contingent on approval from the LME Board, which meets on October 24.

As a result, Mr. Linton refused to discuss either the price agreed for MacLaine, Watson, or the implications for Drexel Burnham, which apparently already engages in some metals trading.

INTERNATIONAL CREDITS

Belgium switches to foreign borrowing

BY GILES MERRITT

BRUSSELS, Oct. 5.

IN A move that has suddenly reversed Belgian public financing policy the Government here has negotiated its first foreign loan for 10 years. It has arranged a BFr 8bn ($267m) borrowing through the Bank of International Settlements at a reported interest rate of 8 to 9 per cent.

Financial analysts in Brussels are speculating that this departure from domestic borrowing marks the beginning of a series of major foreign loans that could be needed to finance the country's growing current budget deficit.

This year, in spite of assurances by the Belgian Government that the deficit would be pegged to BFr 65bn, the deficit is widely expected to reach BFr 100bn.

The decision to resort to a BIS loan after 10 years of domestic financing has already begun to spark fears that Belgium may be heading once again towards accelerating foreign borrowings.

But the reasons behind the borrowing are clear enough. Governments here have in recent years been accused of adding to inflationary pressures by financing much of the public deficit through the domestic banking system and of pushing up interest rates by resorting to the domestic bond market.

Francis Ghilès adds from London: Three more banks following Chemical Bank and Morgan Guaranty, have decided to retire from the management group of the Swedish $1bn refinancing: they are Deutsche Bank, Dresdner Bank and Commerzbank, all of West Germany. They are not satisfied with the terms of the new loan which include a spread of ⅝ per cent for 10 years with six and a half years grace and a management fee of ¼ per cent.

As a result, four banks which were not in the management of the initial $1bn loan which Sweden raised last year, have accepted to join the management group: they are Algemene Bank Nederland, Amro Bank, Société Generale de Banque and the Bank of Tokyo. Invitation telexes were sent out last night by the agent bank.

In what is believed to be the first medium-term loan to a private Greek company outside the shipping sector, Piraiki Patraiki Cotton Manufacturing Company is arranging a $12½m loan for seven years on a spread of 1½ per cent through a group of banks led by Bankers Trust. The grace period is three years.

The Shipping Corporation of New Zealand is arranging, on a private basis, a loan through Citicorp: the amount is $30m and terms include a ten-year maturity with six years grace and a spread of ⅞ per cent throughout. The borrower is a state-owned company.

Norsk Hydro is refinancing an earlier credit on finer terms through the same bank from whom it raised the initial credit, Citicorp. The amount is $120m and the borrower is paying a spread of ⅝ per cent for the first three years rising to ¾ per cent for the last seven.

Westinghouse Electric settles Houston Lighting lawsuit

PITTSBURGH, Oct. 5.

WESTINGHOUSE ELECTRIC Corporation said it and Houston Lighting and Power, acting as project manager for the South Texas project, reached final agreement on a uranium supply lawsuit brought by the utility.

The pre-tax cost to Westinghouse of current and future obligations involved in the settlement, which will be accounted for the third quarter, is $112m.

Westinghouse said the cost to it includes the total escalated cost of goods and services to be provided to the South Texas project at no charge less than the anticipated profit on goods and services to be purchased at a discount by the South Texas project.

Under the agreement, Westinghouse said it will pay the South Texas project $1m cash within 30 days.

Westinghouse said it will also provide 6m pounds of uranium to be produced by its wholly owned Wyoming Mineral Corporation.

The South Texas project will pay the total cost of production of this uranium, it said.

Westinghouse will also sell at a discount 1m pounds of uranium for which it currently has an option to purchase and provide 2.3m pounds of uranium under the Court-ordered allocation plan at prices originally quoted.

Westinghouse last year turned in net income of $350.8m against $223.2m, on sales of $6.13bn against $6.14bn. Earnings per share increased from $2.54 to $3.10.

Some 52 per cent of profits came from the industrial products division, which makes switchgears, motor appliances and transformers.

The other major sector of the company's business lies in power generation systems, from which around 24 per cent of earnings came in 1977. The public systems division, which includes Westinghouse's defence contract business, provided the remaining portion of group profit. Agencies

Chrysler steps up Mexican investment

By William Chislett

MEXICO CITY, Oct. 4.

CHRYSLER MEXICO is to invest 3bn pesos (US$136m) over the next three years as part of its ambitious export drive and to meet domestic demand. Reviewing the year at the presentation of 1979 models, Mr. Jack H. Parkinson, Chrysler's director-general, sold that two-thirds of the investment will go towards boosting exports and the rest on new technology.

Chrysler is this year enjoying a record year. A total of 73,000 cars and lorries was sold in the 1978 model year, which has just ended, giving it first place in the total vehicle market.

Mr. Parkinson estimated that exports this year will be worth 2bn pesos ($90m.) Total sales this year would be worth 12.8bn pesos compared to 8.8bn pesos last year.

Ashland to sell assets

BY OUR FINANCIAL STAFF

THE MANAGEMENT of Ashland Oil has stated that it is discussing the possibility of disposing of additional company properties which have an estimated book value of $575m.

This follows the conclusion of Ashland Oil's disposition of its Canadian subsidiary interests to Kaiser Resources for $368m.

The properties under review accounted for about 19 per cent of the company's estimated revenues and 30 per cent of its estimated net income during the fiscal year 1978, excluding Ashland Canada.

If the sales are completed, the use of the proceeds to repay debt and to repurchase outstanding stock could result in higher reported earnings per share.

Ashland Oil's management has indicated that it will probably recommend an increase in the company's dividend, but failed to specify a date when such a recommendation might take place. The company presently pays 50 cents quarterly.

Johnson & Johnson bids for Technicare

NEW BRUNSWICK, Oct. 5.

JOHNSON AND JOHNSON has agreed in principle to acquire Technicare Corporation on the basis of a tax free exchange of 0.175 Johnson and Johnson shares for each Technicare common share. This values the offer at $87m.

Johnson and Johnson said it has about 58.9m common shares, while Technicare has about 5.9m shares outstanding.

The acquisition is subject to approval of a definitive agreement by both companies' Boards and by Technicare shareholders.

Technicare is primarily engaged in the manufacture and sale of medical dagnostic imaging equipment, producing computed tomagraphic scanners, nuclear medicine equipment and ultrasound imaging devices.

For the 1978 fiscal year ended June 30, Technicare earned $2.2m or 36 cents a share from continuing operations on sales of $154m.

Meanwhile Johnson and Johnson has reached an agreement with EMI of the UK that will allow Johnson and Johnson a worldwide licence under EMI's X-ray scanning patents, as well as rights to future EMI inventions in this field.

The EMI X-ray scaning patents have been the subject of litigation between EMI and Technicare Corporation.

The agreement with EMI will become effective on Johnson and Johnson's acquisition of Technicare, the company said. Reuter

SEC delay on national market

PALM SPRINGS, Oct. 5.

THE U.S. Securities and Exchange Commission is not expected to resolve some key questions about the restructuring of the securities markets for about 18 months, an SEC aide strongly indicated during and after a talk to an industry trade group here.

Among major questions remaining, as the industry moves to the national market system mandated by Congress in 1975, are how listed stocks would be traded away from exchanges and how over-the-counter stocks would fit into the system.

Over-the-counter issues are those that are traded by dealers who buy and sell from their own inventories, and are not listed on any stock exchanges.

Regarding a timetable on how the SEC would implement the Congressional mandate, Mr. Douglas Scarff, assistant director for market regulation at the SEC, said in an interview that it would not be done "by the end of this year or the early part of next year—I guess the Commission will act in the next 18 months, on the off board trading and over-the-counter issues.

He also did not rule out the possibility that the SEC would hold public hearings on the question of over-the-counter involvement

Mr. Scarff spoke at a panel discussion of the National Security Traders Association.

Dow buying own stock

DOW CHEMICAL will purchase 2m shares of its own stock between now and December, 1979, in the open market or throuh negotiated purchases, Reuter reports from Midland.

The company said the purchase will be made to cover shares issued to employees through stock option and stock purchase plans.

A similar programme to buy 1.5m shares was announced in December, 1977. At the beginning of the third quarter, there were about 182.4m shares of Dow stock outstanding.

Asbestos bid talks

The Quebec Government and General Dynamics Corporation began negotiations about 10 days ago on a proposed takeover of the company's 54 per cent owned Asbestos Corporation, Mr. Jacques Perizeaw, the Finance Minister, said, reports Reuter from Quebec.

He told the National Assembly, however, that he could not discuss the talks in detail.

The Assembly passed legislation last spring creating a State-owned corporation with C$250m in capital and a mandate to purchase a majority share in Asbestos Corporation.

EUROBONDS

Reticence on Sharp issue

SHARP CORPORATION, the Japanese electronics group, is apparently scheduled to launch a convertible bond in November to raise DM 150m. German bankers remained reticent yesterday about this issue, which is of unusual size for the yen-DM convertible market.

Compagnie Financiere de la Deutsche Bank, the Luxembourg subsidiary of Deutsche Bank, is making a private placement on its own behalf of DM 100m. The bond will mature on January 1, 1984, and will carry a coupon of 5 per cent. The issue be being wholly underwritten by the Frankfurt parent.

Announcement is scheduled today of a DM 150m bond from the Republic of Argentina. It is expected to have a maturity of 10 years and a coupon of 6½ per cent. The lead manager is Deutsche Bank.

DG Bank confirmed that Banque Exterieure d'Algerie is floating a DM 100m seven year Eurobond with a six years average life of and a coupon of 7 per cent. Final terms will be set on October 18. Hard on the heels of this issue, it became clear that Banque Exterieure d'Algerie was about to launch a seven year floater for $40m. The lead manager will be Abu Dhabi Investment Company, but the indicated terms are not yet known.

In the secondary market there was a fair level of activity in the DM sector against the background of another bad day for the U.S. dollar and a strong one for the Deutsche Mark. Good two-way business left prices in the DM sector was marginally changed over the day. The dollar sector was marginally more interesting than during Wednesday's depressing trading. Here, too, prices changed barely at all.

RESULTS IN BRIEF

Chessie System earnings drop sharply

NEW YORK, Oct. 5.

THE BALTIMORE-based railway holding company Chessie System reported a drop in per share earnings for the first nine months of the current fiscal year to 80 cents from $2.48 for the same period last yea. In September Chessie was involved in merger talks with the Virginia railway company Seaboard Coast Line.

The pulp and packaging concern **Diamond International Corporation** rose slightly for the same nine months' period from $2.57 a share to $2.78, while the housing and life insurance company **Kaufman and Broad** experienced a per share earnings increase in the first nine months from 55 cents to 76 cents.

The Dallas-based bank holding company **First International Bancshares** rose to $3.01 from $2.57 during the same period.

Earnings were higher during the first six months of the current fiscal year for the retailer and shoes concern **Interco Incorporated** with earnings at $2.67 compared with $2.43.

The first quarter at the electronics company **National Semiconductor Corporation** in Santa Clara saw share earnings improve from 41 cents to 65 cents.

Year end results for **Houston Natural Gas Corporation** indicated a very marginal improvement over the previous year. Per share earnings for the gas system company stood at $3.34 compared with $3.33.

The drug retailer **Jack Eckerd Corporation** had a better return at the end of its financial year with earnings per share at $2.17, an improvement over its earlier $1.98.

The American Medical International company with interests in hospitals and laboratories in California reported final share earnings for the year up to $2.53 from $1.89.

Also at year end is the securities firm **Dean Witter Reynolds Organisation** with reported earnings steady at $2.65 from $2.62. Agencies

Assurance on profits by Ethyl chairman

NEW YORK, Oct. 5.

THE CHAIRMAN of Ethyl Corporation, Mr. Floyd D. Gottward, spends much of his time these days assuring security analysts that the company will be profitable whatever happens to its lead alkyls business.

This was the case at an analysts' meeting recently when he discussed again the U.S. government's orders that the oil industry should reduce the use of lead alloys products by about two-thirds between 1978 and 1980.

An estimated 35 per cent of Ethyl's current earnings come from its U.S. sales of lead alkyls, which are used to boost the octane rating in petrol.

Even so, most industry analysts believe Ethyl can absorb the expected losses from U.S. Alkyls operations and still maintain modest earnings growth.

Last week Ethyl's stock climbed $1⅞ and this week rose another point to $24½, a new seasonal high.

"The story unfolding, which was very much the thrust of management's presentation to analysts, is that Ethyl is going to be able to absorb roughtly a 23 per cent decline in total earnings because of alkyls and still show a 10 per cent earnings gain per year during the 1978-1980 period," said Mr. W. Thomas Hudson, Jr. analyst of A. G. Becker, the stockbroker.

Mr. Aris P. Christodoulou of Blyth Eastman Dillon and Co., estimates that Ethyl earned $1.15 a share from its U.S. anti-knocks business last year.

Assuming the Government's regulations for reducing alkyls hold to the schedule, "earnings from these operations could drop to perhaps 40 cents a share for 1980," he said. (Foreign sales will not be affected by the U.S. Government order.)

Mr. Hudson, expanding on Ethyl's other businesses, said they made "two very important acquisitions" in the mid-1970s—VCA Corporation and the Edwin Cooper division of Burmah Oil.

VCA manufactures plastic and metal packaging components for the cosmetic and toiletry industry, and Cooper produces lubricant and fuel additives for the oil industry.

Cooper's earnings are beginning to increase and VCA will take more time. "But they both have tremendous potential for earnings improvement," Mr. Hudson said.

In addition, Mr. Christodoulou believes that Ethyl has "very attractive coal properties." Reuter

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Sharp gain in profits at Roussel-Uclaf

By Our Own Correspondent

ONE OF France's leading pharmaceutical and fine chemical concerns, Roussel-Uclaf, has registered gains in profits and sales in the first half of this year at both parent company and group level.

The group, which is putting a lot of effort into diversification related to but commanding different markets from its fine chemical activities, is majority controlled by Hoechst in West Germany. The diversifications include animal and plant health, semi pharmaceutical products like cosmetics, diaetary food.

When it announced its 1977 profits the group forecast a 12 per cent gain in earnings and sales in 1978. The first half outturn indicates that these targets are being comfortably exceeded.

However, the group *warns that* the trend may not continue until the end of the year.

First half consolidated turnover reached FFr 2.015bn ($470m) some 15.4 per cent up on last year and almost 17 per cent better allowing for changes in group structure. About 61 per cent of sales were made outside France—the group's ambi*tion is to sell two-thirds of its* production overseas by the end of the decade.

Group profit was FFr 59.6m against FFr 39m representing a 53 per cent improvement *on* a comparable basis. Cash flow was more than 17 per cent to the good at FFr 127m.

At the parent company level net profit was FFr 55.1 including some FFr 6.6m gains from the disposal of shares. At the same stage last year company profits were FFr 41.7m after a 0.9m shortfall on share realisation.

Ferodo raising capital

Francaise du Ferodo will raise its capital before the end of this month, reports Reuter from Paris.

The capital increase will enable the company to make acquisitions to complete its Ducellier deal with DBA. The 1978 results should be "sufficiently good" to ensure a maintained dividend on the new capital raised.

Matra plans U.S. joint venture

BY DAVID CURRY — PARIS, Oct. 5.

MATRA, the French missile and engineering group, is preparing to launch itself into the integrated circuits market by concluding a deal with Harris Data Communications of the U.S. It is seeking public approval to set up a joint venture in which it *will hold 51 per cent of the* capital to manufacture integrated circuits in France. An investment of about FFr 220m ($46m) is apparently planned, and Matra says it should become profitable after five years.

For Matra, the project represents further diversification. It has already established itself in computer peripherals and in the summer it took a 32 per cent stake in Manurhin, a manufacturer of cartridge-making machines, equipment for the conserves industry, pistols and ammunition, as well as a 15 per cent interest in the radio station Europe No. 1.

For the government, which will be called on to provide financial aid, it offers a new candidate in the semiconductor and integrated circuit field. Thomson-CSF is already discussion co-operation with Motorola of the U.S., while Saint-Gobain-Pont-a-Mousson is also looking around.

On the profits front, Matra, which has been one of the Stock Exchange's star performers this year, is promising an annual improvement in net earnings of more than 20 per cent over the next three years, and a 22 to 25 per cent annual gain in turnover.

This year's sales should reach FFr 2.15bn, advancing to FFr 2.6bn next year and FFr 3.3bn the year after. This year's profits are likely to reach FFr 120m *against FFr 87.5m in 1977*, taking into account FFr 37-40m depreciation and about FFr 40m provisions. Next year's profits are targeted at FFr 147m and those for 1980 at FFr 185m.

The company expects to devote FFr 180m to investments next year, against FFr 200m this year, which included FFr 140m for its two recent participations.

The company has decided not to seek new capital from its shareholders but next July will make a FFr 200m fixed interest issue redeemable over 15 years.

The company said its group order book stood at FFr 10bn. The military sector accounts for around half total sales, of which three-quarters are for overseas customers. The main point of the diversification programme is to lessen dependence on this military sector.

Elkem forges ahead

BY FAY GJESTER — OSLO, Oct. 5.

ELKEM-SPIGERVERKET, the Norwegian metals, manufacturing and engineering concern, increased its group profits, turnover and exports in the first eight months of 1978.

Net group pre-tax profits reached NKr 8m ($1.6m) in the period of January to August 1978, after ordinary depreciation of NKr 102m. This compares with NKr 3m, after depreciation of NKr 106m in the same period of last year. Turnover in JanuaryAugust this year was NKr 1,885m against NKr 1,800m. *Exports werew orth NKr 1,082m* against NKr 950m.

The slightly better results this year reflect improved markets for ferro-alloys and aluminium, two of the group's major products. Demand for most other product lines is still weak, reflecting the continuing recession abroad and the economic *slow-down now affecting Norway* itself.

The engineering division concluded contracts worth NKr 144m in the eight months against NKr 78m *a year earlier*, but market conditions for the division's main products are still very difficult, due to the slump in the world steel and metal industry.

"Competition for contracts is keen and clients are often reluctant to go ahead with planned projects," the company said.

McKinsey report favourable to Fokker

By Charles Batchelor

AMSTERDAM, Oct. 5.

PROSPECTS for the Dutch aircraft manufacturer Fokker are favourable, according to a survey carried out by the management consultants McKinsey. World demand for new aircraft is expected to recover to the levels prevailing before the oil crisis, and the F-29 jet, which the company is now developing, is expected to be as successful as its predecessors.

Fokker called in McKinsey earlier this year to assess the company's future in the aircraft production market after the German government's plans to merge the German side of Fokker with Messerschmitt-Boelkow-Blohm (MBB) looked like leaving the Dutch out in the cold. The McKinsey report has looked at a number of options open to Fokker, including the complete independence of the Dutch side and various *forms of co-operation* with the new German aircraft group.

Fokker declined to give full details of the report, because this might prejudice the negotiations which are now going on with the two German aircraft companies and the German government. It did, however, reveal that the study showed that labour productivity at the company could be improved

The favourable prospects for the F-29, which is an *advanced version of the F-28*, and which Fokker hopes to build together with the French and other international partners, take into account British Aerospace's recent decision to develop a short-haul feeder airliner, the BAE-146 (formerly the HS-146) Fokker said.

The report bases its conclusions on a number of assumptions—that inflation in Holland does not rise relative to the U.S. inflation level, that the guilder does not rise against the dollar and that Dutch government support for the aircraft industry is continued.

FLICK'S U.S. EXPANSION

Spending to a deadline

BY GUY HAWTIN IN FRANKFURT

NEARLY three years ago, the Flick group, one of West Germany's largest family businesses, saddled itself with a problem few corporate execu*tives would envy—it set itself* the target of spending some DM 1.85bn ($970m) by the end of 1978.

Wednesday's news of its $259m *bid for 7.4m shares in the widely* diversified U.S. chemicals concern W. R. Grace could, if it is successful, bring it within shouting distance of this goal. *Furthermore, it would increase* Flick's stake in the New York-based group from its current 12 per cent to 21.1 per cent.

The spending money came *from the sale in early 1976 of* Flick's 29 per cent stake in Daimler-Benz, the immensely successful West German motor manufacturer. In order to avoid capital gains tax, the money had to be invested in industrial activity within two full tax years after the year in which the sale was made.

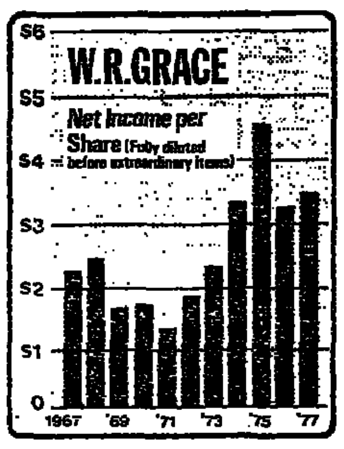
Flick, West Germany's largest privately owned industrial holding company, has always been coy about discussing its business, but reliable estimates indicate that at least DM 800m of the *same DM 1.85bn raised from the* Daimler-Benz sale has been spent on investments that qualify under the rules governing exemption from capital gains tax.

Further investments totalling another DM 450m or so are apparently awaiting approval—although it seems by no means certain that all will be approved.

The Flick group, sales of which total about DM 7bn, cannot necessarily be judged by the rules applying to publicly held concerns. For a start its decentralised administration tends to make it difficult for an outside observer to gauge its perform*ance, despite the fact that a* structural reorganisation into a partnership with shares means that it is obliged to publish more *information about itself.*

Profits, which last year totalled DM 58m, seem puny when set against sales. However, Flick, it must be remembered, is a family concern firmly in the control of Dr. Friedrich Karl Flick, second son of the man who built the empire. Profits, therefore, would take a second place to protecting and expanding the family's assets.

The Grace acquisition should be seen in this light. If Grace's earnings performance has not ranked with the best of U.S. industry, it is a solid concern with considerable potential, according to observers here. A larger stake *will give Flick, already the* largest individual shareholder, a far greater say in the running of the group and the Flick manage*ment have had two years to make* up their minds about the direction in which they want it to go.



By boosting its stake in W. R. Grace, the West German Flick group—already the largest single shareholder—would gain a far greater voice in the running of the U.S. company. Flick's management has had two years in which to make up its mind about the direction in which it wishes the company to go.

For Flick, Grace ties nicely in with their subsidiary the Dynamit Nobel group, the chemicals division of which accounts nearly 50 per cent of its turnover, while there is no intention to merge the two operations, closer co-operation could yield rewards *for both concerns.*

Stewart Fleming adds from New York: When the Grace board meets today to consider the Flick proposals they will be facing a decision which could in time transform the organisation.

Grace, a $4bn sales a year *operation which is the fifth* largest chemicals producer in the U.S., has been dominated since 1953 by J. Peter Grace Jr. grandson of the company's founder, William Russell *Grace who left* Ireland in 1846 to escape the potato famine.

Peter Grace, when he took over, immediately began an astonishing diversification programme which initially took the company into chemicals. But his restless energies also led Grace to venture into a wide range of totally unrelated businesses, some of them with little success.

The most conspicuous failure was the attempt to build a major food manufacturing group in *Europe which eventually led to* the divestiture of such well known businesses as the Van Houten Chocolate Company in Holland and the French cooking oil concern, Salador.

Despite disappointments, however, Peter Grace's urge to diversify remained, and since the 1970s the company has been pushing into the consumer *market with the acquisition of* a number of fast food restaurant chains. It has also undertaken expansion into retailing including the Herman's sporting goods business and the Sheplers Western Wear operation.

The result has been something of a hotch potch of businesses—at least in the eyes of share analysts—and a company which, while it has grown in size, has had a sound, but unspectacular earnings record.

Svenska Cellulosa fall

BY JOHN WALKER — STOCKHOLM, Oct. 5.

SVENSKA CELLULOSA, Sweden's largest forestry industry conglomerate, shows a marked drop in pre-tax profits for the first eight months of this year. They emerge at SKr 1,676m ($40m) against SKr 243m

For the whole of *1978* the company suggest that profits per share will amount to SKr 20, compared to SKr 29.

Group sales amounted to SKr 3.2bn ($730m) compared with SKr 2.8bn. Within the total forest industry accounted for SKr 1.6bn and hospital products and apparel SKr 1bn compared to SKr 883m.

During the final four months of this year deliveries of forest industry products are expected to increase, and so are prices.

Modest growth at PLM

BY OUR OWN CORRESPONDENT — STOCKHOLM, Oct. 5.

PLM, the Swedish metal can, packaging and waste treatment concern, raised group pre-tax earnings slightly to SKr 12m ($2.8m) from SKr 11m in the first eight months of this year. During the second four month period, earnings amounted to SKr 7.8m ($1.7m), somewhat lower than forecast.

Sales during the second four-months period of this year amounted to SKr 725m in current prices, a rise of 13.4 per cent, of which 5.4 per cent was accounted for by an increase in volume. Total sales for the first two periods this year amounted to SKr 1.3bn, an increase of 7.2 per cent at current prices.

INTL. FINANCIAL AND COMPANY NEWS

Nippon Kokan plans new plant despite recession

BY CHARLES SMITH

TOKYO, Oct. 5.

NIPPON KOKAN (NKK), Japan's second biggest steel manufacturer, expects to bring in its second blast furnace at its new integrated steelworks in Ohgishima, south of Tokyo, next may, the company said today.

The "blow-in" at Ohgishima is likely to be accompanied by the "mothballing" of one of three blast furnaces still in use at NKK's other giant steel plant in Fukuyama, although the company says it has not yet reached a decision on this question.

Nippon Kokan is the only one of Japan's five big integrated steelmakers which is now engaged in the construction of new steelmaking capacity—a seemingly strange position to be in considering that only 70 per cent of Japanese steelmaking capacity is in use at present.

The Ohgishima plant, built on an artificial island off the west coast of Tokyo Bay, was designed to replace the congested and old-fashioned Keihin works (on shore, facing the island of Ohgishima). Its steelmaking capacity is 3m tons at present (from one giant blast furnace) but this will rise to 6m tons when the second furnace is opened next summer.

NKK was obliged to build the Ohgishima plant after pollution troubles at Keihin began to cause problems with local governments in the region. It has devoted 20 per cent of the total of Y1,000bn (U.S.$5.3bn) invested at Ohgishima on anti-pollution equipment.

The structural recession in which the Japanese steel industry has found itself during the past three years means that Nippon Kokan has no reason to want to press on with completion of the second Ohgishima blast furnace, apart from the technical one that a major integrated steel plant cannot operate indefinitely with a single furnace. When the number two furnace begins to work next April, the company seems likely to have to stabilise its production by mothballing another blast furnace at its other ultra-modern steel works at Fukuyama. The alternative would be to pile up unacceptably large stocks of finished steel.

The Fukuyama plant, with a maximum capacity of 16m tons, is the world's largest steel plant and is equipped with a total of five giant blast furnaces. Two of these are in mothballs at present, so the closure of another would mean putting more than half of the plant's total furnace capacity out of operation.

Nippon Kokan will close the last of seven smaller blast furnaces at its onshore Keihin works this winter as the last step in the process of transfer from Keihin to the new Ohgishima plant. This will mean a temporary and welcome cut in production capacity—but the cut will last only until the Ohgishima number two furnace is completed next summer.

Nisshin Steel aims at 50% gain

BY DONALD MACLEAN

NISSHIN STEEL COMPANY, the Japanese integrated steelmaker and the country's largest producer of stainless steel products aims to increase its operating profits by some 50 per cent in the current year, to March, to some Y14bn ($74m), from Y10.5bn in 1977-78.

This was revealed by the company in London yesterday.

Operating profits for the first half of the current year, due to be released shortly, are expected to be around Y7bn.

In 1977-78 as a whole, profits fell by 11 per cent at the operating level, to Y10.48bn, although net income rose by almost 49 per cent to Y5.63bn.

Although aiming at a 50 per cent profit gain, the company feels that that it faces too many uncertainties to make a firm forecast of the year's earnings.

Both operating profit and sales were reduced in 1977-78 (with turnover falling by 5.2 per cent to Y284bn), as a result of the cutting back of production in line with the general swing towards lower stocks.

The industry, Nisshin says, has now worked off excess inventories, and with the domestic market having turned upwards it is looking for a recovery in the prices of steel products.

Unit sales, nevertheless, are expected not to change appreciably in volume this year. The company fears that the strengthened yen may restrict export sales—though its profits are cushioned against the effects of the yen's rise by the fact that it is a substantial importer of raw materials.

Nisshin produces ordinary steel, stainless steel and other specialty steels and processed products. Its main customers are the Japanese makers of consumer durables, motor vehicles and home appliances (with exports accounting for only 25 per cent of overall sales), and demand from these, Nisshin says, has protected it from the full effects of the recession. The order backlog in these areas has risen to record levels.

Industrial Equity lifts payout

BY OUR OWN CORRESPONDENT

SYDNEY, Oct. 5.

INDUSTRIAL EQUITY LTD., corporate takeover specialist, proposes cash and free scrip issues after a solid increase in profit for the year to June 30. Earnings rose 38 per cent, from A$2.25m to A$3.1m (US$3.6m), lifting the earnings per-share from 46.1 cents to 51.1 cents. The dividend has been raised from 8 cents to 9 cents a share.

The directors plan a one-for-eight rights issue at A$1.25 each to raise A$969,000 followed by a one-for-five scrip issue. Together with the exercise of some employers' share options the capital of IEL will rise from A$3m to A$4.2m. The directors expect to pay a dividend of at least 8 cents a share on the increased capital.

IEL is currently locked in a battle for control of the shipping group, McIlwraith McEacharn. It controls already about 18 per cent of the capital and is bidding A$3 a share for 50 per cent of the remaining shares. IEL has now entered the share market and has picked up small parcels during the past few days.

The directors of Thomas Nationwide Transport today announced that the company had also bought recently a further 43,166 McIlwraith shares at A$2.75 each: taking its holding to almost 1.63m shares, or more than 15 per cent of the capital.

TNT, which jointly owns McIlwraith's major asset, Bulkships Ltd., has built up its holding in recent months, but the directors have denied that there is any intention to make a take-over offer.

Textile Alliance offer

HONG KONG, Oct. 5.

TEXTILE ALLIANCE has received an offer for its shares held by the public of HK$10 a share in cash, the company announced here.

The company has requested the Hong Kong Stock Exchange to restore its quotation for trading from October 9.

Last month, the company said that it received an approach from certain principal shareholders which might lead to an offer for the shares held by the public.

The company said that Kleinwort Benson (Hong Kong) had been appointed to advise.

Toray Industries of Japan holds just under 50 per cent of Textile Alliance while Jardine Matheson of Hong Kong, and C. Itoh, of Japan, are also principal shareholders.

The company has issued capital of 28.6m shares of HK$10 each, and reported a consolidated loss of HK$42.1m (US$8.9m) for the year to March 31.

Reuter

Japanese plea on securities

TOKYO, Oct. 5.

JAPANESE SECURITIES companies are asking the Finance Ministry to expand their frameworks for broker trading in the Gensaki market.

This is a relatively free Japanese market where bonds are traded under repurchase contracts up to six months, local securities sources said.

Reuter

Libya joins potash project

BY RAMI G. KHOURI

AMMAN, Oct. 5.

LIBYA HAS taken a 5 per cent share of the equity capital of Jordan's $420m project to produce potash from the waters of the Dead Sea. The Libyan share of the capital works out at about $10m, according to a draft agreement signed here this week between the Arab Potash Company of Jordan and the Libyan Arab Foreign Bank.

Libya will also provide the Potash company with a $10m long-term loan, according to the agreement. This follows a similar long-term loan agreement signed last month by which the World Bank will provide $35m in credits for the potash project. The World Bank had originally planned a $25m loan, but raised it to $35m at the last moment.

The project aims to produce 1.2m tons of potash, with production scheduled to start early in 1982. It is the largest single industrial scheme ever attempted in Jordan.

Growth for Pick 'n' Pay

BY OUR OWN CORRESPONDENT

JOHANNESBURG, Oct. 5.

THE SOUTH AFRICAN supermarket chain, pick-n-pay continues as the country's fastest growing retail group according to its interim results for the six months to August 31.

Turnover increased by 46 per cent on the comparable period of 1977 to R217m ($249m), helped by the end of the initial phase of the hypermarket establishment programme. However, whereas previously Pick 'n' Pay could count on steady growth by opening new outlets in centres where it was previously not represented, this phase could be reaching the end of the road.

The establishments of hypermarkets in South Africa does not follow the European pattern, where profitability is only achieved after some two years. The car-owning South African housewife can be more flexible in her choice of shopping centre and Pick 'n' Pay's experience is that hypermarkets become profitable within a matter of months. So although Pick 'n' Pay's 34 per cent first-half pre-tax profit growth in part reflects new hypermarket start-up costs, it also reflects increasing competition from new chains.

In Cape Town, which was Pick 'n' Pay's springboard, wholesale grocery marketeers are starting to nibble into the group's market, and the same could soon be true in the Johannesburg area where market saturation is fast approaching.

The planned thrust into black residential areas is having to be re-thought after its partnership offer to NAFCOC, the National African Chamber of Commerce, was rejected earlier this year. So while room for turnover growth is seen with plans for five additional hypermarkets by the February financial year end, subsequent growth rates may be slower.

U.S. bank buys 10% of BFC in Australia

By James Forth

SYDNEY, Oct. 5.

The National Bank of Detroit, the 18th largest bank in the U.S., has purchased a 10 per cent stake in the Australian finance company, Beneficial Finance Corporation. The U.S. bank joins three other banks, including the Bank of Tokyo as major shareholders of Beneficial.

The National has taken up a placement of 4.625m shares at 80 cents each, or A$3.7m (U.S.$4.3m) for its stake. In addition, it will provide a U.S.$10m line of credit which will supplement the A$50m already available, including $A20m from the Bank of Tokyo.

Thte National Bank of Detroit said the bank wanted a "sound investment window" in Australia because its customers in Detroit had ties there. After the placement the Bank of Tokyo will hold 16.4 per cent of Beneficial's caipital, while two local banks, the State Bank of South Australia and the Rural Bank of New South Wales, will hold 8.2 per cent and 4.6 per cent respectively.

The National will not have any Board representation and has a policy of non-involvement in the mangement of foreign investments. The approval of the U.S. Federal Reserve Board and Australia's Foreign Investment Review Board, has already been obtained.

The National already has an association with the Bank of Tokyo through the Bank of Tokyo and Detroit (International), a jointly owned London merchant bank.

The placement will increase the capital of Beneficial to A$23.1m, with shareholders' funds exceding A$45m. The directors expect that the existing dividend rate of 6.75 cents a share will be maintained on the higher capital. Beneficial has no connection with the U.S. group of the same name, which operates in Australia as BFC.

Castlemaine group profits rise by 12%

By Our Own Correspondent

SYDNEY, Oct. 5.

CASTLEMAINE PERKINS, a major brewer in Queensland, lifted group profit by 12 per cent, from A$10.3m to a peak A$11.6m (US$13.4m) in the year to July 31. The increase outpaced the sales rise of 6.3 per cent, from A$179m to A$191m.

The directors pointed out that improvement in sales and profit was achieved in a year in which the growth of the industry in Australia was only marginal. The dividend has been held at 15 cents a share, but will be paid on capital increase during the year by a one-for-five free scrip issue. Earnings equalled 45.8 cents a share compared with 48.95 cents on the lower capital in 1976-77.

The improvement came about largely in the second half when profits rose 19 per cent to A$5.1m, although the Christmas sales are not included in this period. Earnings rose 13 per cent to A$6.5m in the first six months.

Full Hong Kong licence for LBI

By Ron Richardson

HONG KONG, Oct. 5.

LLOYDS BANK International (LBI) has received a full Hong Kong banking licence. LBI has been operating for some years as a registered deposit-taking company, allowing it to undertake wholesale money dealing operations. It will now be able to offer a full range of retail banking services.

About 20 foreign-owned finance houses — including National Westminster, as earlier reported—have taken up full banking licences since the Government ended its 12-year moratorium on new banks in March. These are now converting their operations to compete with the 74 banks which received permission to operate earlier.

Meanwhile, Midland Bank has announced that it is to establish a Hong Kong regional representative office on October 12.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
[illegible]	[illegible]	[illegible]

NOTES	Bid	Offer
[illegible]	[illegible]	[illegible]

STERLING BONDS	Bid	Offer
[illegible]	[illegible]	[illegible]

DM BONDS	Bid	Offer
[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Bid	Offer
[illegible]	[illegible]	[illegible]

CONVERTIBLES	Bid	Offer
[illegible]	[illegible]	[illegible]

Source: White Weld Securities.

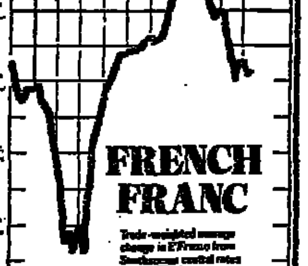
Source: Kidder, Peabody Securities.

Currency, Money and Gold Markets

Dollar continues to weaken

The dollar remained weak in the foreign exchange market yesterday, despite continued heavy intervention by the Swiss National Bank to push down the value of the Swiss franc. The U.S. currency fell to SwFr 1.5837½ against the Swiss franc from SwFr 1.5925, and also lost ground against the members of the European currency snake, under the influence of a very strong D-mark. The dollar declined to DM 1.8935 from DM 1.9007½ against the D-mark and to Fl 2.0580 from Fl 2.0610 in terms of the Dutch guilder. It also fell to a record low against the Belgian franc at the Brussels fixing, and closed in London at BFr 29.91, compared with BFr 29.96½ previously. At the same time the D-mark remained at or near its maximum level against the other snake members.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, widened to 9.7 per cent from 9.6 per cent.



Trading was generally fairly quiet, and sterling showed little movement throughout. It opened at $1.9845-1.9855 and touched a best level of $1.9865-1.9875 as the dollar eased. Intervention by European central banks helped the dollar to recover somewhat, and by lunch the pound had declined to $1.9845-1.9855 again. It remained around $1.9825 most of the afternoon, and closed at $1.9815-1.9825, a fall of 5 points on the day.

Sterling's trade-weighted index, on Bank of England figures, was unchanged at 62.6 per cent throughout the day.

FRANKFURT—The West German Bundesbank bought $8.9m to prevent a further decline of the dollar at yesterday's fixing. The U.S. currency was fixed unchanged at DM1.8920-1.9000. The Swiss franc fell sharply against the D-mark however, prompted by substantial intervention from the Swiss National Bank. The Swiss authorities determination to reduce the value of the currency was reflected in the early morning rate of DM 1.1817½ for the Swiss franc, compared with a fixing level of DM 1.2150-1.2170 on Wednesday. Later in the day the Swiss franc was fixed at DM 1.1970-1.1990, rather firmer than first thing yesterday, but still weaker than Wednesday. Sterling also lost ground against the D-mark, falling to DM 3.7580-3.7720, at the fixing, from DM 3.7630-3.7770 previously.

BRUSSELS—The Belgian franc improved slightly against the D-mark, rising to BFr 15.7642½, at the fixing, from the previous fixing level of BFr 15.765, which is the Belgian currency's lowest permitted level under the terms of the European currency snake. The central bank did not intervene at the fixing, as the Belgian franc also gained ground against the French franc to BFr 6.96-6.99 from BFr 6.9880-7.0180, and rose to BFr 29.8050-29.9550 from Br 29.8450-29.9950. The Swiss franc fell very sharply to Br 18.850 from BFr 19.1885.

MILAN—The dollar was slightly firmer at yesterday's fixing of L817.53 against the lira, compared with L816.55 previously. Sterling fell to L1,622.95 from L1,623.10, and the Swiss franc also lost ground, to L517.57 from L523.80. The Japanese yen eased to L4.379 from L4.385, and the French franc declined to L191.03 from L191.37. Most members of the European currency snake were slightly firmer against the lira, with the D-mark improving to L431.58 from L431.28 at the fixing, with the Belgian franc rising a little to L27.39 from L27.34, and the Danish krone to L155.48 from L155.24. The Dutch guilder eased to L397.38 from L398 however. Trading was heavy in D-marks and dollars, with the Bank of Italy selling most of the $32.5m exchanged at the fixing to meet commercial demand due to import payments.

TOKYO—The dollar fell slightly to Y186.70 against the Japanese yen, from Y187.10 previously. It opened at Y186.60 and fell briefly to Y186.50 in late trading.

THE POUND SPOT

Oct. 5	Bank rate %	Day's spread	Close
U.S. $	[illegible]	[illegible]	[illegible]
Canadian $	[illegible]	[illegible]	[illegible]
Guilder	[illegible]	[illegible]	[illegible]
Belgian F.	[illegible]	[illegible]	[illegible]
Danish K.	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]
Port. Esc.	[illegible]	[illegible]	[illegible]
Span. Pes.	[illegible]	[illegible]	[illegible]
Lira	[illegible]	[illegible]	[illegible]
Norwgn. K.	[illegible]	[illegible]	[illegible]
French Fr.	[illegible]	[illegible]	[illegible]
Swedish Kr.	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]
Austria Sch.	[illegible]	[illegible]	[illegible]
Swiss Fr.	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 62.70-62.80.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar 3.35-3.25c pm. 12-month 5.90-5.70.

THE DOLLAR SPOT

October 5	Day's spread	Close
Canada $*	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Esc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	p.a.	Three months	p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

October 4	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian kroner	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish kroner	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

October 5	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 5	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Finland Markka	[illegible]	[illegible]	Denmark	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	France	[illegible]
Greece Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Franc	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dollar	[illegible]	[illegible]	Spain	[illegible]
Saudi Arabia Riyal	[illegible]	[illegible]	Switzerland	[illegible]
Singapore Dollar	[illegible]	[illegible]	United States	[illegible]
South African Rand	[illegible]	[illegible]	Yugoslavia	[illegible]

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 5	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.982	3.760	371.5	8.495	3.140	4.080	1623.	2.346	59.30
U.S. Dollar	0.505	1.	1.897	187.4	4.285	1.584	2.059	818.9	1.183	29.92
Deutsche Mark	0.266	0.527	1.	98.80	2.259	0.835	1.085	431.6	0.624	15.77
Japanese Yen 1,000	2.692	5.335	10.12	1000.	22.86	8.452	10.98	4369.	6.312	159.6
French Franc 10	1.178	2.334	4.427	437.4	10.	3.697	4.804	1911.	2.761	69.83
Swiss Franc	0.318	0.631	1.197	118.3	2.705	1.	1.299	516.9	0.747	18.88
Dutch Guilder	0.245	0.486	0.922	91.05	2.081	0.770	1.	397.8	0.575	14.53
Italian Lira 1,000	0.616	1.221	2.317	228.9	5.233	1.935	2.514	1000.	1.446	36.54
Canadian Dollar	0.426	0.845	1.603	158.4	3.622	1.339	1.740	692.1	1.	25.28
Belgian Franc 100	1.686	3.342	6.341	626.5	14.32	5.295	6.880	2757.	3.95	100.

EURO-CURRENCY INTEREST RATES*

Oct. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	[illegible]	[illegible]	[illegible]	25-30	[illegible]	[illegible]	[illegible]	7-10	[illegible]	[illegible]
7 day's notice	11-11½	[illegible]	8¼-9¼	22-27	[illegible]	[illegible]	7⅜-7⅝	12-17	[illegible]	[illegible]
Month	12¼-12¾	[illegible]	[illegible]	18-19	[illegible]	[illegible]	9½-9¾	14-15	[illegible]	[illegible]
Three months	12⅝-12¾	[illegible]	[illegible]	12-13	[illegible]	[illegible]	[illegible]	13¾-14¾	[illegible]	[illegible]
Six months	13⅛-13⅝	9¾-10	[illegible]	9-10	[illegible]	[illegible]	9⅞-10⅛	13½-14½	[illegible]	[illegible]
One year	13-13½	[illegible]	[illegible]	8½-9½	[illegible]	[illegible]	[illegible]	13-14	9⅞-10	[illegible]

The following nominal rates were quoted for London dollar certificates for deposit: one month 9.05-8.95 per cent; three months 9.50-9.40 per cent; six months 9.75-9.65 per cent; one year 9.70-9.60 per cent.

Long-term Eurodollar deposits: Two years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; three years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; four years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; five years 9⁷⁄₁₆-9⁹⁄₁₆ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates steady

U.S. interest rates showed a steadier tendency yesterday with Fed funds trading at 8⅞-8⅞ per cent compared with 8⅞ per cent on Wednesday. The Federal authorities pushed up the rates on Wednesday by making matched sales but refrained from intervening in early trading yesterday. However conditions remained uneasy

Treasury bills were little changed with 13-week bills at 8.20 per cent up slightly from 8.18 per cent late Wednesday and 26-week bills unchanged at 8.40 per cent. One-year bills were marginally firmer at 8.23 per cent against 8.22 per cent. One-month certificates of deposit rose to 8.80 per cent from 8.77 per cent while two-month deposits were quoted unchanged at 8.91 per cent. Three-month certificates edged up slightly to 9.10 per cent from 9.06 per cent.

Bankers acceptance offered rates were quoted at 8.60 per cent for 30 days, 8.65 per cent for 60 days, 8.75 per cent for 90 days, 8.80 per cent for 120 days, 8.85 per cent for 150 days and 8.85 per cent for 180 days. High grade commerical paper traded at 8.65 per cent for 30 days, 8.70 per cent for 60 days and 8.80 per cent for 90 days.

FRANKFURT—Call money was unchanged at 3.45-3.50 per cent as was one-month money at 3.6-3.65 per cent. The three-month rate showed little movement at 3.95-4.00 per cent, while six-month money rose slightly to 4.0-4.1 per cent compared with 4.0-4.05 per cent on Wednesday. Twelve-month money was also slightly firmer at 4.15-4.25 per cent from 4.15-4.2 per cent previously. At its regular fortnightly meeting, the Bundesbank's Central Council decided to keep credit policies unchanged.

PARIS—Interbank money market rates showed little change with call money remaining at 7 per cent and one-month money easing slightly to 7⅞-7⅞ per cent from 7⅞-7⅞ per cent. Three-month money stayed at 7⅞-7¾ per cent as did the six-month rate at 7¾-8 per cent. Twelve-month funds were slightly easier at 8¾-8½ per cent against 8⅞-8⅞ per cent.

AMSTERDAM — Dutch call money remained firm at 20-22 per cent compared with 20-25 per cent on Wednesday while the one and three-month rates remained at 16-17 per cent and 11½-12½ per cent respectively. Six-month money was slightly easier at 9¼-9¾ per cent against 9¾-10¼ per cent previously.

BRUSSELS — Deposit rates for the Belgian franc (commercial) remained firm with one-month money at 7¾-7⅞ per cent and three-month at 7¾-8¼ per cent.

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

DAY TO DAY credit in the London money market appeared to be in short supply yesterday and the authorities intervened by buying a large amount of Treasury bills, all direct from the discount houses. Initially conditions pointed towards a rather flat day but as it turned out Wednesday's of England seemed to contribute somewhat to creating a shortage. Discount houses were paying around 8½ per cent for secured call loans at the start and closing balances were taken between 6 per cent and 6½ per cent.

The market was faced with an excess of revenue transfers to the Exchequer over Government disbursements and run down balances brought forward by the banks. There was also a very small net take up of Treasury bills.

In the interbank market, overnight loans opened at 8¾ per cent to 8¾ per cent and eased to 8¼ per cent to 8¾ per cent. Rates then fluctuated between 8¼ per cent and 9¾ per cent before closing balances were taken at 4 per cent to 5 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 5 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days or	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

GOLD

Further record

Gold rose $¾ to $222¼-223¼, a fairly quiet morning, with trading picking up in the afternoon when the New York market opened. The metal was fixed at $223.40 (£112.567) in the morning and at $222.70 (£112.333) in the afternoon, before rising to a record closing level.

In Paris the 12½-kilo gold bar was fixed at FFr 30,550 per kilo ($221.93 per ounce) in the afternoon, compared with FFr 30,[illegible] ($221.64) in the morning, and FFr 30,500 ($221.98) Wednesday afternoon.

	Oct. 5	Oct. 4
Gold Bullion (a fine ounce)		
Close	[illegible]	[illegible]
Opening	[illegible]	[illegible]
Morning fixing	[illegible]	[illegible]
Afternoon fixing	[illegible]	[illegible]
Gold Coins domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

MONEY RATES

NEW YORK	
Prime Rate	[illegible]
Fed Funds	[illegible]
Treasury Bills (13-week)	[illegible]
Treasury Bills (26-week)	[illegible]
GERMANY	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
FRANCE	
Discount Rate	[illegible]
Overnight	[illegible]
One month	[illegible]
Three months	[illegible]
Six months	[illegible]
JAPAN	
Discount Rate	[illegible]
Call (Unconditional)	[illegible]
Bills Discount Rate	[illegible]

ENERGY REVIEW: IRELAND BY BRUCE ANDREWS

Hope pinned on the Porcupine

COMPARED with the UK, Ireland appears to have been endowed with only very limited natural resources. The UK has coal reserves to last for centuries; Ireland has virtually none. While Britain has been fortunate enough to discover abundant reserves of North Sea oil, Ireland has seen 51 wells drilled in its offshore waters since 1970 with no better result than non-commercial indications of oil. One small gas field has been discovered and brought into production at Kinsale Head, off the Cork coast. This will soon supply gas equal to 15 per cent of Ireland's present energy requirements, but until this month there was little else to show for the exploration programme.

An announcement this week, however, brought some hope that the energy balance between the two countries might some day become more equitable.

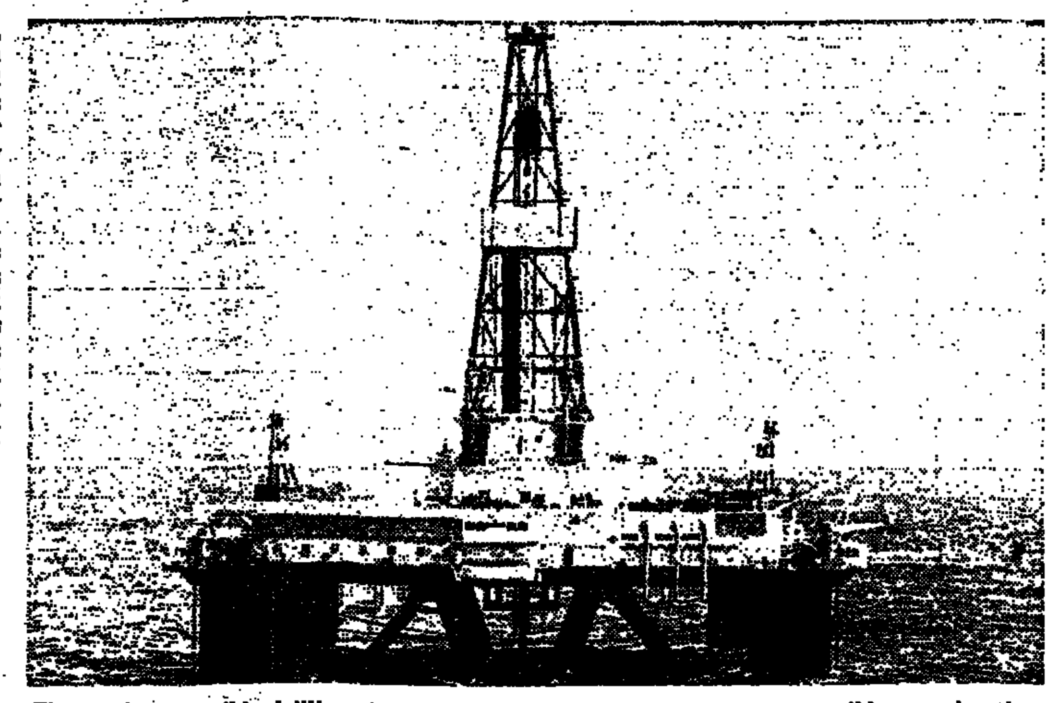
Phillips Petroleum reported that oil flows of up to 730 barrels a day were recorded during tests on its well 35/8-1 in the Porcupine Trough, 105 miles west of the Shannon Estuary.

After the unpromising results obtained from the Irish Sea, Celtic Sea and the Fastnet area, and two dry holes this year off the Donegal coast, the Porcupine is now regarded as Ireland's best oil chance. But exploitation of an oil deposit in this turbulent Atlantic territory would present formidable technical problems, soluble only at high cost, and could be justified only by an exceptionally good discovery or a substantial improvement in the real price for oil.

Water depth

The flow rate recorded by Phillips is poor by offshore standards and Phillips has been at pains to emphasise that the discovery, although significant, cannot be considered commercial, especially in the 1,411-foot water depth drilled—a depth far beyond that found in any North Sea field currently thought to merit development.

As if to reinforce the truth that Ireland's search for oil has not yet been successful, the Phillips report was followed this week by even less encouraging news of two more Porcupine wells, both of which have been plugged and abandoned without testing—Elf-Aquitaine's 35/2-1 and the BP/Aran consortium's 26/22-1.



The semi-submersible drilling rig Sedco 708, which drilled Phillips' first wildcat exploration in the Porcupine Basin 100 miles off the west coast of Ireland

Elf-Aquitaine reported only minor traces of oil; BP said that "no significant accumulations of hydrocarbons have been discovered."

These announcements come towards the end of an Irish drilling season which, with 15 wells spudded in previously unexplored territory, has seen Europe's largest programme of genuine "wildcats" this year. Of 14 wells completed, only one, the Phillips well, has revealed oil in any significant quantity.

The 15th well, sunk by Deminex on block 35/6, is still at an early stage and completion is not expected until late November, perhaps even December.

Yet, altough the news is not good, it could be worse. The Irish Government, encouraged by the Phillips well, maintains its cautious optimism. Officials point out that all the conditions which favour large oil accumulations have been found in the Porcupine. They stress that seismic surveys have shown the area to bear a remarkable resemblance to the prolific Viking Graben sector of the North Sea and to contain a number of large structures which could be oil traps. Drilling has revealed the existence of suitable reservoir rock of adequate thickness, though not oil-bearing, and now there is proof of the existence of oil, although not in sufficient quantity to be commercial.

All wells in the Porcupine to date are thought to have yielded valuable information, if nothing else.

The officials also point out that this is only the second drilling season in the Porcupine and that the Phillips well was only the fifth to be spudded in the area.

The Government is also encouraged by the quality of the oil Phillips found. It was sulphur-free crude of 34 degrees API, similar to North Sea oil and of the type which commands a premium on the market.

The oil companies have little to say but appear to be less optimistic. "But I suspect that, whatever they may say publicly, they are privately very encouraged by what has been seen this year," says Ireland's Minister of Industry, Commerce and Energy, Mr. Desmond O'Malley. "Certain wells have been drilled which have been technically 'dry' but have nonetheless caused the companies who drilled them to come back to us to look for territory nearby. That, to my mind, is an indication that they find it interesting—to put it at its weakest."

Oil companies have spent between £60m and £70m exploring in the Irish sector this year, it is estimated, and this is perhaps a more accurate indicator of their enthusiasm than their comments.

The Government, on the other hand, must maintain an outward semblance of enthusiasm in its efforts to maintain the momentum of exploration in 1979 and 1980.

Continuation of the exploration programme at a high level is important to Ireland. Current oil consumption is about 100,000 barrels a day—a relatively insignificant quantity to a large industrial nation but representing about 75 per cent of Ireland's total energy consumption. Even a producing oilfield which was small, by North Sea standards, could meet Ireland's entire oil needs and produce changes in energy strategy.

Nuclear

Plans for a nuclear power station, says Mr. O'Malley, may pass the point of no return in about 18 months. It would be ironic if Ireland found itself irreversibly committed to the production of nuclear power only to find it did not need it.

So far, about five wells are certain to be drilled in the Irish sector next year. Companies committed to drill are Elf-Aquitaine, BP/Aran, Amoco, Chevron/ICI and Gulf.

In addition, Marathon and Esso, both of whom have large acreages under licence off the east and south coasts, must drill previously undrilled blocks next year if they wish to retain them. Amoco has two Porcupine blocks under option until the end of this year. If it takes up the options it must drill one more well in addition to the one to which it is already committed.

These wells could bring next year's total to ten or more.

It also seems increasingly likely that Ireland will award further offshore licences within the next few weeks. As the result of interest engendered by the Phillips find, small as it is, and with the need to give new licencees time to consider their 1979 drilling plans, the timing would be right. Officials say that active discussions are in progress with oil companies over licensing, including some companies who have never before drilled in Irish waters.

The Phillips find, moreover, will enable the Government more easily to resist the temptation to soften the licence terms. On the face of it, the terms of existing licences, other than the earlier concessions held by Marathon and Esso, are tough. The state is entitled to demand a full equity stake of 50 per cent in a commercial field and government "take" on oil profits could be as much as 78 per cent.

But the Government is eager to point out that these are maximum terms and that the Irish rules are distinctive in their flexibility. The Minister may reduce royalties or settle for a smaller participation percentage. He may even abolish both altogether in the case of a field which might otherwise be marginal. Mr. O'Malley stresses that he has no need or intention to change the licence terms materially, but implies that the Government would readily reduce its demands should they imperil a field's development by making it unprofitable to the licencees. "What might be appropriate for a find a few miles offshore might not be appropriate for one 100 or 125 miles offshore," he points out.

The time for new Irish licences may also be ripe because the oil companies are finding the conditions posed by the established North Sea oil nations increasingly irksome.

Licensees of UK acreage, in particular, are concerned about the way the British Government has changed the rules—the recent proposal to increase petroleum revenue tax is cited as but one example—and by the stringent terms imposed for the forthcoming sixth UK licensing round.

Sixth round

Mr. Johnie M. Ouzts, executive vice-president of Hamilton Brothers, was reported last month as saying that his company, operator of the first British offshore oilfield to come on stream, the Argyll field, would probably not apply for a licence in the sixth round and, after drilling two obligatory wells, might cease exploration in British waters.

The need for Britain, with proven reserves sufficient to meet its oil needs for some years, to maintain the exploration momentum is not as great as that of Ireland.

Ireland may one day be able to afford to take a harder line with the oil companies. It would dearly love to set up its own oil corporation, indicates Mr. O'Malley. But it would probably not be on the lines of the British National Oil Corporation, he adds, rather it would be more akin to British Petroleum—an entirely commercial body with a state majority shareholding and private shareholders as well.

The great day for the Irish, however—the day when a commercial oilfield has been fully established—has not arrived yet. If (some would say when) it does, the impact on this small economy would be dramatic. With one modestly sized field enough to meet home demand, Ireland might quickly become a net exporter of crude.

This happy position would present an outstanding opportunity to raise Irish living standards, still among the lowest in Europe.

Hence there is an overwhelming incentive to encourage offshore exploration activity. It seems likely that Ireland will remain Europe's leading wildcatter in 1979.

Martin Taylor discusses Continental Illinois' investment analysts survey published today

Stockbrokers and the institutions: analysing the analysts

IN THE space of a few years, Continental Illinois' annual tables ranking stockbrokers have become established as the event of the year among the small clan of City investment analysts. Upon the tables depends largely not only the reputation of each firm but also the individual earning power of the analysts themselves.

The most striking feature of the overall ranking of stockbrokers is that of the eight leading brokers in this year's list (three tied for sixth place) all have finished in the top group at least twice in the past three years. But it would be a mistake to conclude from this that the business is anything less than intensely competitive.

It is ironical that a survey of an industry which prides itself on statistical sophistication should be crudely based on the subjective assessment by fund managers of the usefulness of analysts. That the analysts are useful is uncontested; fund managers agree that the service provided by the best analysts has improved enormously over the past few years. There is no temptation to run indexed funds weighted, as in the U.S., according to a set formula between market sectors in absolute disregard of analysis. The individual rankings by sector suggest that there is now a relatively small and settled pool of experienced researchers; brokers maintain that it is much more difficult to make a reputation now than it was a few years ago.

Obvious benefits

The benefits for the more successful research brokers are obvious. Fund managers do appear to try to reward work that impresses them by giving business to the firm concerned, although dealing skills remain a vital criterion for the institutions. It is difficult to calculate the cost-effectiveness of an analyst's work—but even more difficult to find a major firm of brokers that would consider cutting back on its research department.

This being said, the styles vary considerably. This year's winners, James Capel, and runners-up, Hoare Govett, both offer their clients virtual blanket coverage of the UK stock market sectors, although only 13 of Capel's 20-odd analysts cover British industry against 20 out of 30 at Hoare's. Other firms, such as Kemp-Gee, which finished third, have built up a reputation for expertise in relatively few areas, in Kemp-Gee's case food retailing, building materials, electronics and pharmaceuticals. Smaller firms can make a mark in one particular sector—Vivian Gray in textiles is a case in point.

The increasing sophistication of the analysts' work has gone hand-in-hand with more demanding standards on the part of the institutions who use it. The distinction between a broker's salesman and a broker's analyst is, for better or worse, dissolving as the major fund managers expect to speak direct to the analyst—expect, indeed, to have fairly continuous contact with him. The institutions have varying needs—the largest use their own first-line analysts who make company visits, just as the brokers do, and supply their employers with information parallel to that which they receive from the brokers. They develop the highly important secondary skill of interpreting not what the company says about itself, but what the analysts say about the company.

It is a commonplace observation that fund managers are interested in only half an inch of the one-foot thickness of paper that lands on their desks every morning and there is certainly widespread grumbling that the multiplication of material and advice is wasteful. Little is likely to be done about this at the moment: what is more significant is that in any given sector there may be only, say, six analysts with a large following (certainly the sucessive Continental Illinois lists suggest this) and that a very large number of fund managers may make investment decisions at about the same time on the back of three or four circulars which they have all read. It is really not surprising that institutions act in concert when they receive identical advice, simultaneously, from the acknowledged experts in a particular field. To what extent this makes some of the forecasts in brokers' circulars self-fulfilling is another question.

This increased market volatility over the short term has little relevance to the strategic, long-term portfolio planning that the institutions require. No one is naive enough any more to produce gigantic analyses of companies giving profit forecasts a decade ahead, and the brokers have somehow to reconcile short views and long judgments. Some brokers say they detect some movement away from the assessment of how a particular sector will perform against the market over the medium term back to analysis of the chances of particular companies within the sectors, which on a longer view becomes a question of picking out the survivors. Not surprisingly, increased weight is now given to studies of corporate cash-flow and financing. On the gilts side, political economists have been taking over from econometricians.

What trends are developing at present are harder to discern. The institutions, which waste no time in telling brokers exactly what they want, have shown little interest yet in the calculations of return to risk ratios that U.S. analysts consider indispensable. Chart analysis, meanwhile, is treated with caution. Some fund managers confess shyly to "keeping an eye on the charts—no more than that," one expressed anguish that "more and more brokers are wasting our commissions by hiring expensive chartists to write garbage at us." James Capel employs a full-time currency analyst and, like more and more brokers, a staff to study overseas markets as well as encouraging their individual industry analysts to look at EEC as well as British firms. Utilisation of output capacity by manufacturers is a relatively neglected area that may come in for more study.

Legislation on insider dealing might have some effect on the presentation of brokers' reports about particular companies: some brokers fear that it might make contact between analysts and companies almost impossible, leaving them to rely entirely on published information and outside sources. Others argue that the large companies on which institutional interest is concentrated already have the highest standards and are not given to dropping profit forecasts over lunch.

Confusion

A more serious threat might be posed by any move toward negotiated commissions. There is general agreement that the U.S. experience, with several small firms going to the wall, must be avoided, but some confusion as to how this might be achieved. Brokers generally feel they could not afford to cut back their research departments unless negotiated rates, should they be introduced, fell to such a level that drastic economies would be inevitable, and even then, might not poorer research facilities simply provide an excuse for the customer to offer even lower commissions? Some fund managers say they would be prepared to pay for research in return for lower dealing costs; negotiated or not, some deplore the expense of dealing whilst being uneasily suspicious that to cut ½ point from commission rates might result in a sharp deterioration of research. There is some feeling that lower commission rates could be useful if they reduced the over-capacity among brokers' analysts, but not by too much, of course. Some brokers simply prefer not to talk about it.

The most successful research firms are unanimous that, even if their market shares are hard to hold in a strong bull market when speculative business tends to be very widely spread, the feeling among their institutional clients that, as one put it, "We've really done our work — we've been thorough," protects them and gets them business in difficult times.

Among the attributes that a good analyst must have in being able to present and interpret information, perhaps the most priceless is a nose for bad news. Most brokers are rather coy when asked whether the increased depth of their work has improved the reliability of their forecasts; the opinion their customers express suggests the best of them, at least, deserve to be rated a Strong Hold.

APPOINTMENTS

New Chief for Phoenix Assurance

PHOENIX ASSURANCE announces the retirement on December 31 of Mr. W. C. Harris as chief general manager. He will continue as a director and will become a deputy chairman on January 1.

Mr. R. K. Bishop

Mr. R. K. Bishop, at present deputy chief general manager, will succeed Mr. Harris as chief general manager.

Other appointments taking effect from January 1 are: Mr. A. R. Matanle, at present general manager (home), and Mr. K. Wilkinson, at present general manager and secretary, to be deputy chief general managers. Mr. E. R. Wills, at present deputy secretary, to be secretary.

★

Sir Julian Hodge will be relinquishing all his appointments in the HODGE GROUP on October 31.

Chairmanship of the main companies in the group will be taken by Mr. R. A. S. Lane, vice-chairman of Standard Chartered Bank, the holding company. A successor will be appointed in a few months.

Changes are also taking place in the Boards of the three main companies in the group.

THE HODGE GROUP: Retiring members—Sir Julian Hodge, Mr. W. G. Pullen, Sir Andrew James Maitland-Makgill-Crichton, Lady Hodge, Miss T. Hodge, Mr. J. R. Taylor. New members—Mr. A. I. Robertson, deputy managing director, Mr. D. P. Pinks, senior general manager, Mr. A. E. Ely, General manager, UK (shortly general manager UK and Europe), all Standard Chartered Bank; Mr. W. C. Harding, managing director, Hodge Finance, and Mr. A. C. Webb, director, Finance and administration.

JULIAN S. HODGE AND CO.: Retiring members—Sir Julian Hodge, Mr. Pullen, Sir Andrew Crichton, Mr. E. G. Andrewes, Mr. W. G. Randall, Mr. D. T. Redding, Mr. M. G. Thomas. New members—Mr. R. A. S. Lane, vice-chairman, Mr. Robertson, Mr. Pinks and Mr. Ely, all of Standard Chartered Bank.

HODGE FINANCE: Retiring members—Sir Julian Hodge, Mr. Pullen, Sir Andrew Crichton, Mr. Andrewes, Mr. J. A. Mole, Mr. I. Morris, Dr. W. J. Roche, Mr. J. R. Taylor. New members—Mr. Lane, Mr. Robertson, Mr. Pinks and Mr. Ely, all of Standard Chartered Bank.

The result of all these changes will be that, with the exception of Mr. C. C. Taylor, assistant managing director of Hodge Finance, who will be a member of the Board of Hodge Finance only, and Mr. R. J. Kimmis, financial controller of Standard Chartered Bank, who will sit on the Board of the Hodge Group only, all three companies will have the following common Boards of directors: Mr. R. A. S. Lane, vice-chairman of Standard Chartered Bank, who will become chairman of the three Hodge companies; Mr. J. A. Stephenson, a general manager of Standard Chartered Bank, who will be deputy chairman of the three Hodge companies; Mr. A. I. Robertson, deputy managing director of Standard Chartered Bank; Mr. D. P. Pinks, senior general manager, Standard Chartered Bank; Mr. A. E. Ely, general manager, UK, Standard Chartered Bank; Mr. J. Hoddell, managing director of the Hodge Group and deputy chairman of Hodge Finance; Mr. F. D. Walters, deputy managing director of the Hodge Group; Mr. S. E. Taylor, chief financial executive; Mr. W. C. Harding, managing director, Hodge Finance; and Mr. A. C. Webb, director, finance and administration.

★

Mr. P. D. Gibson, director, personnel and administration, BP OIL is to retire at the end of the year. He will be succeeded by Mr. A. V. Driver, currently general manager, sales, BP Oil. Mr. Driver is a member of the Clean Air Council and hon. secretary of the Oil Industries Club.

Mr. A. V. Driver

★

Mr. C. P. Baker has been appointed deputy chairman, and Mr. D. C. Bates managing director of GLANVILL ENTHOVEN AND CO. (UNDERWRITING). Mr. R. T. Bell and Mr. J. J. P. Toomey have been appointed directors.

★

Bridon announces two new appointments to the Board of its UK subsidiary, BRIDON WIRE: Mr. B. H. Axe, chief accountant, and Mr. J. Churchfield, general manager of the Templeborough Rolling Mills.

★

Mr. Ian Deslandes, director of housing at the NATIONAL FEDERATION OF BUILDING TRADES EMPLOYERS, has been appointed director of industrial relations from January 1, 1979.

★

Mr. R. B. Burke and Mr. A. F. Griffin have been appointed directors of ALEXANDER HOWDEN INSURANCE BROKERS.

★

Mr. Marcy M. Dupre, III, has been named manager of the Paris office of RAYTHEON OVERSEAS, a subsidiary of Raytheon Company, U.S.

★

Mr. Alan R. Devereux, managing director of SCOTCROS (and chairman of the CBI in Scotland) has been appointed deputy chairman of the packaging, food and transport equipment group. He will share the duties of the chairman, Mr. W. R. Alexander, and will continue as a director of all of the group's operating companies and as president of the group's overseas companies. Mr. Alastair Mitchell, financial director, will succeed Mr. Devereux as group managing director. This realignment will enable Mr. Devereux to devote more time to the long-term development of the group, both in the UK and overseas.

★

Mr. Hugh Mellor has been appointed group financial director of BRITISH ROAD SERVICES.

★

Mr. D. N. Devenish is appointed deputy chairman and managing director of ROSSER AND RUSSELL (the group holding company). Mr. M. B. Swain is appointed managing director of Rosser and Russell (London) and deputy chairman of Rosser and Russell (Northern), of which he was formerly managing director. Mr. A. C. E. Jordan is appointed managing director of Rosser and Russell (Northern), of which he was formerly a director. Mr. M. Appleyard is appointed to the Board of Rosser and Russell (Northern).

★

Following a reorganisation of ANDREWS-WEATHERFOIL, the building services engineering subsidiary of Powell Duffryn, Mr. W. G. Andrews, a director of Powell Duffryn, who has held the positions of both chairman and managing director of Andrews-Weatherfoil, relinquishes the managing directorship but remains chairman. Mr. L. A. Cole, previously deputy managing director, becomes managing director. Mr. J. W. Howard becomes deputy managing director. New appointments to the Board are: Mr. B. H. Biggs, Mr. K. F. Butler, Mr. E. Pelski, and Mr. W. A. Reading.

★

The Secretary of State for Trade and President of the BRITISH OVERSEAS TRADE BOARD, has appointed five new members to the Board. They are: Sir Arthur Bryan, chairman, Josiah Wedgwood and Sons; Mr. Moss Evans, general secretary, Transport and General Workers Union; Sir Arthur Knight, chairman, Courtaulds; Mr. Brian Rigby, deputy director general, CBI; and Mr. Victor Robinson, industrial adviser, Department of Trade. Total membership of the Board is now 22.

Mr. Dennis Lawrence has been appointed director of the CO-OPERATIVE DEVELOPMENT AGENCY. Until recently he was an under-secretary in the Department of Industry, including among his responsibilities the direction of policy on small firms. In that capacity he chaired the working group on a Co-operative Agency. The recommendations contained in the Group's report, published as a White Paper in October 1977 were enacted with all party support as the Co-operative Development Agency Act 1978.

★

BANKERS TRUST COMPANY has announced that Mr. Carlos M. Canal, Jr., executive vice-president in charge of international banking, has stepped down as chairman of Bankers Trust International, the bank's London-based investment banking subsidiary. Mr. Canal will continue as a director of BTI. Mr. John F. McDaniels has been appointed chairman of BTI and will continue as its managing director. He has been given functional responsibility for the group's investment banking activities outside the U.S.

★

Mr. Ray Hedley has been appointed a director of BELLWAY and is responsible for estimating and costing on all the company's housing developments.

★

Mr. S. E. Baker has been appointed an executive director of SAVE AND PROSPER GROUP responsible for general operations and personnel.

★

Mr. Michael Thompson, a joint general manager of LLOYDS BANK has been appointed assistant group chief executive at group headquarters. He has been responsible for banking business in the north of England and the North and East Midlands. Mr. Robert Medlam, an assistant general manager in Central London, succeeds Mr. Thompson.

Mr. Michael Thompson

APPOINTMENTS

LEGAL NOTICES

No. 002817 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of CHARGABLE HOLDINGS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 7th day of September 1978, presented to the said Court by HUME CORPORATION LIMITED whose registered office is situate at 13 St. Swithin's Lane, London, E.C.4, Bankers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

KENNETH ELLIOTT & ROWE,
213/215 South Street,
Romford, Essex.
Ref: CD/DP/12136.
Tel: Romford 43636.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of October 1978.

No. 002818 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of LIMEROY PROPERTIES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 7th day of September 1978, presented to the said Court by HUME CORPORATION LIMITED whose registered office is situate at 13 St. Swithin's Lane, London, E.C.4, Bankers, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 23rd day of October, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

KENNETH ELLIOTT & ROWE,
213/215 South Street,
Romford, Essex.
Ref: CD/DP/12136.
Tel: Romford 43636.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 20th day of October 1978.

No. 002971 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of KENILCROFT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 21st day of September 1978, presented to the said Court by ACLO PERSONNEL OPPORTUNITIES trading as Legal Opportunities, an Unlimited Company, of 18 Windmill Hill, Enfield, Middlesex, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HOWELL-JONES & PARTNERS,
75 Surbiton Road,
Kingston upon Thames,
Surrey, KT1 2AF.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served or if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of October 1978.

COMPANY NOTICES

UNION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

PAYMENT OF COUPON No. 128

HOLDERS OF SHARE WARRANTS TO BEARER are hereby informed that Dividend No. 123 being an interim dividend for the year ending 31st December, 1978, of 15 cents Republic of South Africa currency per share (equivalent to 8.737796p United Kingdom currency per share) will be payable at the Office of the London Secretaries of the Corporation on and after 25th October, 1978, on surrender of Coupon No. 128.

Listing forms may be obtained and coupons lodged at any of the following places:

In London:
At the London Secretaries' Office of the Corporation (8, Basinghall Street (3rd Floor), London EC2 entrance).

In Paris:
At Lloyds Bank International (France) Limited or Banque de l'Indochine et de Suez.

In Switzerland:
At Credit Suisse, Zurich, or Swiss Bank Corporation, Basle, or at any of their branches.

Coupons lodged at the London Secretaries Office must be left four clear business days for examination and may be deposited on or after 16th October, 1978, between the hours of 11.00 a.m. and 3.00 p.m. (Saturdays excepted).

South African Non-Resident shareholders' Tax of 15% having been imposed on that proportion of the dividend declared deemed to be payable out of the profits earned in South Africa, the effective rate for this dividend is 14.97%. This tax will be deducted irrespective of the domicile of the person surrendering the coupon.

The gross amount of the dividend to be included in any return for United Kingdom Income Tax purposes is 8.737796p as indicated below:

	per 6.25 cents Share
United Kingdom currency equivalent of Dividend as declared	8.737796p
South African Non-Resident Shareholders' Tax at 14.97%	1.308048p
	7.429748p
United Kingdom Income Tax at 18.03% on the gross amount of the dividend of 8.737796p	1.575425p
Net amount	5.854323p

per pro. UNION CORPORATION (U.K.) LIMITED,
London Secretaries.
L. W. Humphries.

Princes House,
95 Gresham Street,
London EC2V 7BS.
6th October, 1978.

NOTE: Under the double tax agreement between the United Kingdom and the Republic of South Africa, South African tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 18.03% instead of at the standard rate of 33% represents an allowance of credit at the rate of 14.97%, the rate of overseas taxation applicable.

COMPANHIA METALURGICA BARBARA

ISSUE OF 12,800,000 ORDINARY SHARES AT US$13.30 PER DEPOSITARY SHARE

NOTICE IS HEREBY GIVEN that Bearer Depositary Receipts ("BDR's") issued by European Overseas Issuing Corporation in respect of ordinary shares of Cr$1.00 par value of Companhia Metalurgica Barbara are now available.

The 12,800,000 ordinary shares have a foreign capital registration with the Central Bank of Brazil of US$1,459,363.05: equivalent to US$11.401273 per Depositary Share.

Copies of the Depositary Agreement and the Custodian Agreement are available for inspection at European Overseas Issuing Corporation S.A., 11 Boulevard Grande-Duchesse Charlotte, Luxembourg.

The 12,800,000 ordinary shares, represented by 128,000 Depositary Shares have been admitted to listing on the Luxembourg Stock Exchange.

EUROPEAN OVERSEAS ISSUING CORPORATION S.A.—Depositary

6th October, 1978.

MINERALS AND RESOURCES CORPORATION LIMITED
(Incorporated in Bermuda)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the forty-ninth annual general meeting of members of Minerals and Resources Corporation Limited will be held at The Bank of Bermuda Building, Front Street, Hamilton, Bermuda, at 11h15 on Tuesday, 7th November 1978, for the following business:

1. To receive and consider the statement of accounts and the reports of the directors and of the auditors for the year ended 30th June 1978.
2. To elect directors.
3. To fix the remuneration of the auditors for the past audit and to appoint auditors for the ensuing year.

A member entitled to attend and vote at the meeting is entitled to appoint another member as his proxy to attend and, on a poll, to vote in his stead.

By Order of the Board
D. F. ELLIS
Secretary

London Office:
40 Holborn Viaduct,
EC1P 1AJ.
Registered Office:
Belvedere Building,
Pitts Bay Road,
Pembroke, Bermuda.
Postal Address:
P.O. Box 650,
Hamilton 5,
Bermuda.
5th October, 1978.

APPOINTMENTS WANTED

MANAGEMENT SERVICE: European Project Manager (30) versed in organisational and building (PM) available to undertake 1 to 3 months assignments overseas. Enquiries to Cipher C 25-139 047 to Publicitas PO Box A 111, 6300 Zug.

PUBLIC NOTICES

BLACKPOOL BOROUGH COUNCIL
£1,100,000, issued 5th October, 1978, due 4th January, 1979, at an average rate of 9 1/16% p.a. Applications totalled £7,100,000. No other Bills are outstanding.

BUCKINGHAMSHIRE COUNTY COUNCIL
The Buckinghamshire County Council issued on 5th October, 1978, £5m Bills, due 4th January, 1979. Applications totalled £35m and the entire issue was made at 9 5/32%. There are no other Bills outstanding.

PLYMOUTH CITY COUNCIL
£0.5m Bills issued 4th October, 1978, due 3rd January, 1979, at 9 1/16%. Total applications £5m. Bills outstanding £0.5m.

ROCHDALE METROPOLITAN BOROUGH COUNCIL BILLS
£2,500,000 Bills issued 4.10.78 maturing 10.1.79 at 9 1/16%. Applications totalled £18,000,000 and there are £2,500,000 Bills outstanding.

COMPANY NOTICES

U.K.-U.S. GULF WESTBOUND RATE AGREEMENT
NOTICE TO SHIPPERS AND CONSIGNEES

Container Service Charge and LCL and Breakbulk Terminal Service Charge

The undernoted member lines of the U.K./U.S. Gulf Westbound Rate Agreement, No. 8720, serving the trade from ports in the U.K. and Republic of Ireland to ports in the U.S. Gulf of Mexico, hereby advise shippers and consignees that the container service charge and LCL and Breakbulk Terminal Service charge presently assessed on traffic shipped via the U.K. and Ireland will be subject to an increase as follows. This revision to become effective by vessels commencing to load on and after 1st January 1979.

Container Service Charge
House-to-house and house-to-pier containers (all sizes) £2.10 per 1,000 kilos subject to maximum of £32.50 per container.

L.C.L. and Breakbulk Terminal Service Charge
Pier-to-pier, pier-to-house containers and breakbulk traffic £2.25 per 1,000 kilos minimum per shipment of £2.60.

Cargo shipped via Tilbury Grays Wharf only pier-to-pier, pier-to-house containers and breakbulk traffic £4.75 per 1,000 kilos, minimum per shipment £2.60.

In addition to the above charge of £4.75 per 1,000 kilos minimum £2.60, cargo will continue to be directly responsible to the Port of London Authority for any appropriate P.L.A. port rates.

The foregoing charges are calculated on the gross weight of the cargo and will be invoiced and collected in the U.K. and Eire.

For further information shippers and consignees should contact member lines or their agents:
Atlantic Cargo Services A.B.
Thos. and Jas. Harrison Ltd.
Combi Line
Lykes Bros. S.S. Co.
Sea-Land Service Inc.

U.K.-U.S. GULF WESTBOUND RATE AGREEMENT

October 1978.

ZAMBIA COPPER INVESTMENTS LIMITED
(Incorporated in Bermuda)

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN that the ninth annual general meeting of members of Zambia Copper Investments Limited will be held at The Bank of Bermuda Building, Front Street, Hamilton, Bermuda, at 11h00 on Tuesday, 7th November 1978, for the following business:

1. To receive and consider the statement of accounts and the reports of the directors and of the auditors for the year ended 30th June 1978.
2. To elect directors.
3. To fix the remuneration of the auditors and to appoint auditors for the ensuing year.
4. Special business. To consider and, if deemed fit, to pass with or without modification, the following resolution, namely:
"That the action of the directors of the company in transferring an amount of US$20,166,984 from the share premium account to meet a deficit arising on an extraordinary item be hereby approved."

A member entitled to attend and vote at the meeting is entitled to appoint another member as his proxy to attend and, on a poll, to vote in his stead.

By Order of the Board
D. F. ELLIS
Secretary

London Office:
40 Holborn Viaduct,
EC1P 1AJ.
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5th October, 1978.

MOTOR CARS

CONTRACTS AND TENDERS

GOVERNMENT OF MAURITIUS

MINISTRY OF AGRICULTURE AND NATURAL RESOURCES AND THE ENVIRONMENT

BULK SUGAR TERMINAL—PORT LOUIS—AUTOMATIC AND MANUAL FIRE ALARM SYSTEM

CONTRACT NO. 20

Tenders closing at 1.30 p.m. on Wednesday, 6th December 1978 are invited for the following works for the Bulk Sugar Terminal at Port Louis, Mauritius, in accordance with the Specification, Drawings and General Conditions of Contract for Contract No. 20.

The Contract is for the supply and installation (under British Code) of an Automatic and Manual Fire Alarm System for two large sugar storage sheds, each 364m long by 46m wide and include for approximately 400 smoke detectors and a manual alarm system complete with mimic panel.

Drawings, Specification and General Conditions of Contract may be examined at the offices of the Consulting Engineers, Macdonald Wagner & Priddle Pty. Ltd., at Port Louis, Mauritius and at North Sydney, N.S.W., Australia, and also at the Mauritius High Commission, 32/33 Elvaston Place, London, S.W.7, England, and the Mauritius Embassy, 68 Boulevard de Courcelles, 75017, Paris, France.

Sets of Drawings, Specification and General Conditions of Contract for companies registered in Mauritius may be obtained from Macdonald Wagner & Priddle Pty. Ltd., Rogers Automotive Building, Cnr. Edith Cavell & Mere Barthelemy Street, Port Louis, and for companies registered in all other countries, they may be obtained only from Macdonald Wagner & Priddle Pty. Ltd., 100 Miller Street, North Sydney, N.S.W., 2060, Australia—Telex No. 20836. The non-refundable charge for each set of documents obtained in Mauritius is 580 Mauritian Rupees and 80 Australian Dollars in Australia.

Envelopes endorsed "Tender for Contract 20, Fire Alarm System, Bulk Sugar Terminal, Port Louis" and containing a Tender accompanied by a Tender deposit are to be addressed to the Chairman, Tender Board, Ministry of Finance, Port Louis, Mauritius, and lodged in the Tender Box, at the Chief Cashier's Office, Accountant General's Division, Treasury Building, Chaussee, Port Louis, Mauritius or posted from overseas to reach the Chairman, Tender Board, Ministry of Finance, Port Louis, Mauritius on or before the closing time and date.

The Tender Board does not bind itself to accept the lowest or any tender and will not assign any reason for the rejection of a tender.

Ministry of Agriculture & Natural Resources & The Environment

WORLD STOCK MARKETS

Early Wall St. advance on steadier dollar

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—83¼% (82%)
Effective $1.9820 40% (38¾%)

AFTER OVERCOMING concern about a rise in the Wholesale Price Index in September, Wall Street extended Wednesday's late improvement in active early trading yesterday, helped by the dollar's steadier performance.

The Dow Jones Industrial Average was 5.89 firmer at 879.76 at 1 p.m., while the NYSE All Common Index rose 33 cents to $58.36 and advances exceeded

Closing prices and market reports were not available for this edition.

declines by about a two-to-one margin. Trading volume expanded by 4.38m shares to 20.40m from the previous day's 1 p.m. level.

The Labour Department announced that U.S. Wholesale prices rose 0.9 per cent last month after a fall of 0.1 per cent in August.

Analysts said the market could further build on the previous day's late gains, but noted investors may turn cautious towards the close, ahead of the weekly report on the money supply.

Blue Chips and Glamours moved higher after initial easiness. Du Pont gained $1 to $132½, Smithkline ⅞ to $93½, Alcoa $1 to $48⅞ and Honeywell $1¼ to $67.

Xerox climbed $1⅝ to $57⅛. The company has introduced two new copiers.

Dow Chemical tacked on $½ to $29½. It is to buy back about 2m of its shares in the open market over the next 15 months.

General Electric eased $¼ to $52⅞ on stating that third-quarter profit gains will not match the 16 per cent rise of the first half. It also plans to start merger talks with Cox Broadcasting, which jumped $9½ to $59 after a late start.

Johnson and Johnson advanced $¾ to $85. It has agreed to acquire Technicare for stock. Technicare moved ahead $1½ to $13¼ in active trading.

THE AMERICAN SE Market Value Index improved 0.87 more to 170.59 at 1 p.m. Volume 2.32m shares (2.13m).

Champion Home Builders were active and put on $¼ to $3⅞. It reported increased profits earlier in the week.

Carnation added $½ at $32. A 22,000 share block changed hands at $31½.

Canada

Stocks often pushed further ahead in busy trading yesterday morning with the Toronto Composite Index rising 6.3 more to 1,301.4 at noon. Metals and Minerals strengthened 23.2 to 1,166.9 on index, while Papers rose 1.50 to 154.52 and Utilities 0.49 to 192.75. Banks, however, declined 1.71 to 287.66, and Golds slipped back 4.8 to 1,730.5.

S. B. McLaughlin lost ⅛ to C$7½. Canadian Bond Rating Service said it has suspended debenture ratings on the company because of "very serious cash flow problems."

Labrador Mining, on intentions to pay a special dividend of C$5, rose ¾ to C$44.

Lochiel Exploration eased 5 cents to C$3.30 on lower first-half net profits.

Tokyo

Stocks finished on a rather mixed note after profit-taking halted a fresh stock market advance. The Nikkei-Dow Jones Average, after touching a new record high of 5,793.87, came back to 5,790.77, up 2.92 on balance, while the Tokyo SE index managed a net gain of 0.39 at 435.46. Trading remained active, volume coming to 370m shares (410m).

Shares with good earnings prospects, such as small-sized Steels and some Public Works issues, were prominently firmer, Tokyo Steel rising Y27 to Y927, Nippon Sheet Glass Y10 to Y240 and Maruichi Steel Tube Y50 to Y1,010.

Pharmaceuticals rose sharply in the morning, but subsequently retreated on profit-taking to end lower on the day.

Blue Chips and Populars closed with no clear trend, with Toyota Motor Y10 higher at Y885 and Matsushita Electric Y15 up at Y780 but Pioneer Electronic down Y60 at Y1,610 and Sony off Y10 at Y1,500.

Germany

Bourse prices were inclined to slip back as the market continued to consolidate its latest advance. The Commerzbank index eased 1.8 to 853.4.

Among Motors, Daimler-Benz declined DM 4.50, Volkswagen DM 3.00 and BMW DM 2.30. Deutsche Bank receded DM 1.80, while Stores had Karstadt down DM 3.00 and Horten DM 2.20 cheaper. In the Electricals sector, AEG shed DM 1.50 and Siemens DM 3.20. However, MAN, in Engineerings, gained DM 1.00.

Public Authority Bonds were in firmer vein with gains ranging to 20 pfennigs. The Bundesbank sold DM 28m nominal of paper (DM 12m). Mark Foreign Loans were steady to firmer.

Paris

Profit-taking left shares mostly lower on balance.

Thomson-CSF eased by about 5 per cent after announcing that it intends to raise its capital, but Matra gained ground after Wednesday's announcement that it will increase its investment programme.

Nord Cie, subject of a reverse take-over by Banque Rothschild, were unquoted, due to an influx of selling orders after a recent suspension because of an influx of buying orders.

Apart from Banks, all sectors weakened, with Bouygues losing 26 to FFr 825, Creusot Loire 4.2 to FFr 79.8, L'Oreal 65 to FFr 734, Pechiney 5.8 to FFr 103.0 and Poclain 20 to FFr 229.

Australia

Mining leaders, selected Industrials and Oils moved ahead in more active conditions.

The Mining sector was boosted by a rise in London metal exchange prices. CRA advanced 8 cents to A$3.68, while gains of about 6 cents were recorded in Western Mining, A$1.76, and MIM, A$2.93. Renison Tin, A$19.40, and Central Norseman, A$13.10, improved 10 cents apiece, while Bougainville Copper put on 3 cents to A$1.59.

After recent depression on diminishing prospects of an early start to mining the Ranger project, Uranium issues staged a recovery. Peko-Wallsend gained 16 cents to A$5.96, Queensland Mines 20 cents to A$3.20, Pancontinental also 20 cents to A$12.00 and Kathleen Investments 10 cents to A$2.50.

Industrial leader BHP advanced 8 cents to A$8.66, while ICI Australia added 3 cents at A$2.35.

BNS Wales moved up 12 cents more to A$7.82, but other Banks were mainly easier, CSA receding 7 cents to A$2.63.

Hong Kong

Further widespread losses occurred in moderate trading, taking the Hang Seng Index down another 10.32 to 602.28. Total turnover showed an increase to HK$106.07m from Wednesday's low level of HK$74.51m.

Hong Kong Land declined 70 cents to HK$11.10, Swire Pacific 25 cents to HK$9.55, Jardine Matheson and Hutchison Whampoa 10 cents each to HK$16.80 and HK$6 respectively, and Wheelock 7.5 cents to HK$3.25. Hongkong Bank, however, were unchanged at HK$19.00.

Among second-liners, China Light shed 40 cents to HK$28.40, Cheung Kong 20 cents to HK$11.80, Hong Kong Electric 15 cents to HK$6.45 and Swire Properties 10 cents to HK$3.75, while Hong Kong Wharf fell 75 cents to HK$31.25, Hong Kong Telephone 25 cents to HK$33 and Tai Cheung Properties 5 cents to HK$2.125.

Switzerland

Market recouped a little of its recent sharp fall in a quiet trading session. The Swiss Bank Corporation Industrial index picked up 1.5 to 271.2.

The steadiness of the dollar against the Swiss franc induced some cautious investment repurchases although many investors kept to the sidelines, awaiting further developments on the currency front.

Sandoz retrieved 50 to SwFr 3,550, Ciba Geigy 10 to SwFr 945 and Union Bank 20 to SwFr 3,040, but Jelmoli were 30 lower at SwFr 1,380.

Domestic Bonds were steady, while Foreign Bonds closed narrowly mixed.

Johannesburg

Gold shares, in the absence of fresh support, mostly lost part of Wednesday's gains.

However, Mining Financials made further progress. Among Diamonds, De Beers closed unchanged at R8.00, after moving higher to R8.05, but Anamint scored an advance of R3.50 at R31.50.

Platinum shares were a few cents firmer, while Coal issues recorded further scattered gains. Coppers held steady.

Milan

A further reaction took place in fairly quiet dealings, with Fiat relinquishing 39 more to L2,960, Snia Viscosa 21 to L980 and Pirelli 40 to L2,020.

ANIC fell 20.25 to L81.75 on reports of a large first-half loss. Montedison, however, closed 9.75 higher against the trend at L285.00 after very active late trading.

Bonds were mixed in a more active market.

Amsterdam

Share prices softened over a broad front in thin trading.

Losses of between Fl 1 and Fl 3 were sustained by Amro Bank, Deli, KNSM, Heineken, Algemene Bank Nederland, OCE and KLM. Fokker and Pakhoed were isolated firm spots.

State Loans were lower.

Brussels

Local issues presented a mixed appearance following a light business.

Petrofina receded 65 to BFr 3,645 and UCB 28 to BFr 1,202, but Fabrique Nationale improved 55 to BFr 3,100 and Solvay 25 to BFr 2,505. Pan Holdings held steady at BFr 3,020—the price was incorrectly quoted yesterday.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
● DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ◊ Interim since increased.

Indices

NEW YORK—DOW JONES

	Oct. 4	Oct. 3	Oct. 2	Sept. 29	Sept. 28	Sept. 27	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	875.87	867.90	871.58	865.82	861.51	860.19	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.47	88.62	88.75	88.84	88.92	88.95	90.88 (4/1)	86.75 (11/7)	—	—
Transport	246.86	244.40	244.74	244.11	242.94	242.95	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.09	105.95	105.92	106.12	106.12	106.26	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's†	25,140	22,650	19,560	25,610	24,358	28,670	—	—	—	—

* Basis of index changed from August 24

	Sept. 29	Sept. 22	Sept. 15	(Year ago approx)
Ind. div. yield %	5.48	5.50	5.39	5.32

STANDARD AND POORS

	Oct. 4	Oct. 3	Oct. 2	Sept. 29	Sept. 28	Sept. 27	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡ Industrials	114.55	113.75	114.22	115.72	112.99	112.62	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	103.86	102.60	102.96	102.54	101.96	101.55	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 27	Sept. 20	Sept. 13	Year ago (approx.)
Ind div. yield %	4.86	4.85	4.63	4.68
Ind. P/E Ratio	9.45	9.45	9.88	9.43
Long Gov. Bond yield	8.58	8.47	8.35	7.64

N.Y.S.E. ALL COMMON

Oct. 4	Oct. 3	Oct. 2	Sept. 29	1978 High	1978 Low
58.05	57.60	57.78	57.78	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Oct. 4	Oct. 3	Oct. 2
Issues traded	1,878	1,861	1,854
Rises	740	617	754
Falls	698	843	618
Unchanged	440	401	482
New Highs	—	—	87
New Lows	—	—	5

MONTREAL	Oct. 4	Oct. 3	Oct. 2	Sept. 29	1978 High	1978 Low
Industrial	215.74	215.45	215.16	215.27	215.74 (4/10)	[illegible]
Combined	219.82	218.64	219.58	219.52	219.82 (4/10)	170.82 [illegible]
TORONTO Composite	1295.1	1280.8	1290.9	1284.7	1295.1 (4/10)	[illegible]
JOHANNESBURG Gold	256.3	259.6	265.5	265.7	272.0 [illegible]	185.0 (20/4)
JOHANNESBURG Industrial	266.0	264.7	264.5	264.6	271.1 (15/9)	194.[illegible] (15/3)

	Oct. 5	Previous	1978 High	1978 Low
Australia (¶)	557.16	554.82	566.79 (22/9)	411.19 (1/3)
Belgium (‖)	99.73	99.61	101.16 (2/6)	90.43 (23.5)
Denmark (**)	94.34	94.34	98.95 (14/5)	94.00 (6/2)
France (††)	82.4	83.0	83.0 (4/10)	47.6 (3/2)
Germany (‡‡)	853.4	855.2	856.7 (3/10)	769.3 (17/3)
Holland (§§)	88.4	89.1	93.4 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	602.28	612.60	707.70 (4/9)	383.4 (13.1)
Italy (‖‖)	79.43	80.31	82.52 (26/9)	55.45 (10/1)
Japan (a)	436.46	435.07	435.46 (5/10)	364.04 (4/10)
Singapore (b)	375.67	376.61	414.50 (8/9)	252.0 (9/1)

	Oct. 5	Previous	1978 High	1978 Low
Spain (d)	97.31	97.38	110.72 (9/5)	87.[illegible] (17.3)
Sweden (e)	378.21	377.27	408.09 (4/8)	326.7 (3/1)
Switzerl'd (f)	271.2	269.7	325.7 (14/2)	251.4 (25/9)

Indices and base dates (all base values 100 except NYSE All Common—50 Standards and Poors—10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. n Unavailable.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
UAL	338,600	41½	+
Magic Chef	313,000	14	+
Kennecott Copper	302,300	28½	+
Minnesota Mining	298,700	59½	−
Sears Roebuck	293,000	22½	+
Carrier	263,400	25	−
Eastern Air Lines	259,800	12½	+
Kaneb Services	255,500	16½	+
Federated Stores	254,700	34½	−
Polaroid	247,900	53½	+

NEW YORK

Stock	Oct. 4	Oct. 3
Abbott Labs	34⅝	34¾
Addressograph	28¼	28⅛
Aetna Life & Cas	41⅛	41⅛
Air products	28	28⅛
Alcan Aluminium	33⅝	33
Alcoa	47¾	46
Alleg. Ludlum	18	18⅛
Corning Glass	59	58½
CPC Int'rn'tional	50⅝	49½
Crane	33¼	33⅜
Crocker Nat.	28½	28¼
Crown Zellerbach	34¼	34⅝
Cummins Engine	37⅜	37¾
Curtiss Wright	18¾	18¼
Dana	31⅛	31¼
Dart Industries	43	42¾
Johns Manville	32¼	32⅝
Johnson Johnson	84¼	83⅜
Johnson Control	27⅛	26⅝
Joy Manufactur'g	34	34¾
K. Mar Corp.	27⅜	27⅛
Kaiser Aluminium	38⅝	36¾
Kaiser Industries	2⅛	2⅛
Kaiser Steel	26⅝	26⅝
Kay	13⅛	13
Kennecott	28¾	27¾
Revlon	53	53
Reynolds Metals	36¾	35⅝
Reynolds R. J.	62¼	61⅝
Rich'son Merrell	27⅜	27¼
Rockwell Inter.	36⅜	36¼
Rohm & Haas	35⅝	35¾
Royal Dutch	65½	65¼
RTE	13⅞	14
Ross Togs	11⅞	11¾
Woolworth	21⅜	21⅜
Wyly	6⅛	6⅝
Xerox	56⅛	55¼
Zapata	15⅞	15⅝
Zenith Radio	16¼	16½
U.S. Treas. 4% 1980	†94 7/8	†94 7/8
US Treas. 4¼% 75/85	†81	†81
U.S. 90-day bills	8.17%	8.15%
[illegible]		
Combustion Eng.	38¾	39¼
Combustion Eq.	15	14⅝
C'with Edison	26½	26⅝
Comm. Satellite	44⅛	43⅞
Computer Scienc.	13⅞	13⅞
Conn Life Ins.	40	39⅝
Conrac	21½	21¾
Con Edison NY	24½	24½
Consol Foods	23⅝	23¾
Consol Nat Gas	39⅛	38⅞
Consumer Power	24	24⅛
Continental Grp.	30¾	30¾
Continental Oil	29⅛	28⅞
Continental Tele	16⅞	15⅞
Control Data	38⅛	37
Cooper Indus.	48¾	48¾
IBM	281	276⅝
Intl. Flavours	24¾	24¾
Intl. Harvester	39⅞	39¾
Intl. Min & Chem.	39¼	39⅞
Intl. Multifoods	20¼	20½
Inco	17¾	17½
Intl. Paper	44⅝	44⅛
Int. Rectifier	15½	15⅜
Int. Tel. & Tel.	31⅝	31½
Iowa Beef	39⅛	39⅛
IU International	12⅛	12
Jim Walter	31⅞	32
Polaroid	53⅛	49½
Potomac Elec.	14½	14⅝
PPG Industries	29¾	29½
Procter Gamble	86⅛	85⅞
Pub. Ser. Elect.	23½	23⅝
Pullman	46¾	45⅝
Purex	17⅝	17⅝
Quaker Oats	26¼	26¼
Rapid American	14⅝	14⅜
Raytheon	47⅛	47½
RCA	30	29⅞
Republic Steel	26⅝	26½
Resorts Intl.	167	162
United Brands	13¼	13⅜
US Bancorp	33¼	33⅛
US Gypsum	30½	30½
US Shoe	27⅜	27½
US Steel	27⅛	26¾
US Technologies	43⅝	43⅝
UV Industries	21	21
Virginia Elect.	14¼	14⅜
Walgreen	29⅜	29¼
Warner-Commun.	49⅞	49½
Warner-Lambert	27½	27¼
Waste-Man'ment	28⅞	28¾
Wells-Fargo	29¾	29½
Western Bancorp	27⅜	26⅞
Western N. Amer.	36	35
Western Union	18⅞	19
Westingh'se Elec.	21⅞	21¾
Weyerhaeuser	29¼	29⅜
Whirlpool	24⅛	24½
White Con. Ind.	20¾	20¾
William Co.	19⅝	19½
Wisconsin Elect.	27¾	28

CANADA

Stock	Oct. 4	Oct. 3
[illegible]		
Royal Bk. of Can.	35½	36½
Royal Trust	19⅝	19½
Sceptre Resources	7¼	7⅛
Seagram	32	32
Shell Canada	15	14⅞
Sherritt G. Mines	8	7¾
Simpson	5⅜	6⅜
Steel of Canada	27⅜	26⅞
Steep Rock Iron	3.80	3.75
Texaco Canada	37¾	48¼
Toronto Dom. Bk.	20⅝	20½
TransCan Pipe Ln	18¼	18⅛
Trans Mount Opr	8⅞	8⅞
Trizec	†15½	†15½
Union Gas	11⅞	11⅞
Utd. Siscoe Mines	8¾	8¾
Walker Hiram	36¾	37
West Coast Trans	11⅝	11⅝
Weston Geo.	19¾	19¾

† Bid. ‡ Asked. § Traded. ‖ New stock.

GERMANY ●

Oct. 5	Price Dm.	+ or −	Div. %	Yld. %
AEG	86.1	−1.5	—	—
[illegible]				

TOKYO ¶

Oct. 5	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	335	−5	14	2.1
[illegible]				

Source Nikko Securities, Tokyo

AUSTRALIA

Oct. 5	Aust. $	+ or −
[illegible]		

BRAZIL

Oct. 5	Price Cruz	+ or −	Cruz Div.	Yld. %
[illegible]				

Turnover Cr.[illegible]. Volume [illegible]. Source: Rio de Janeiro SE.

OSLO

Oct. 5	Price Kroner	+ or −	Div. %	Yld. %
[illegible]				

JOHANNESBURG

Oct. 5	Rand	+ or −
MINES		
[illegible]		
INDUSTRIALS		
[illegible]		

Securities Rand U.S.$0.78 (Discount of 35.6%)

BRUSSELS/LUXEMBOURG

Oct. 5	Price Frs.	+ or −	Div. Net	Yld. %
[illegible]				

AMSTERDAM

Oct. 5	Price Fls.	+ or −	Div. %	Yld. %
[illegible]				

PARIS

Oct. 5	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]				

SWITZERLAND ●

Oct. 5	Price Fr.	+ or −	Div. %	Yld. %
[illegible]				

SPAIN ▼

Oct. 5	Per cent	+ or −
[illegible]		

COPENHAGEN ♣

Oct. 5	Price Kroner	+ or −	Div. %	Yld. %
[illegible]				

STOCKHOLM

Oct. 5	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]				

MILAN

Oct. 5	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]				

VIENNA

Oct. 5	Price %	+ or −	Div. %	Yld. %
[illegible]				

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	Stock
AKZ	F.27.50	—	—	6	6.80	—	—	F.32.50
AKZ	F.30	20	2.90	—	—	2	6.30	..
AKZ	F.32.50	86	0.80	28	2.80	—	—	..
AKZ	F.35	—	—	20	2	28	3.20	..
EK	$40	1	23¼	—	—	—	—	$62⅞
EK	$50	7	13⅜	10	14	—	—	..
EK	$60	1	5¾	1	6¾	—	—	..
EK	$70	—	—	15	2½	1	4⅝	..
GM	$60	—	—	1	4⅛	—	—	$63⅛
HO	F.37.50	—	—	—	—	1	6.30	F.39.40
HO	F.40	—	—	—	—	20	5.10	..
HO	F.45	—	—	—	—	10	3.40	..
IBM	$280	7	6	2	15¾	—	—	$280
IBM	$300	—	—	18	8	5	13	..
KLM	F.142.90	7	23.50	6	26	—	—	F.160.60
KLM	F.150	—	—	—	—	17	29	..
KLM	F.152.40	7	9.50	5	16	—	—	..
KLM	F.160	2	4.50	17	12.50	1	21	..
KLM	F.161.90	17	4.20	21	12	—	—	..
KLM	F.1.70	15	1.50	55	9.50	24	14	..
KLM	F.171.40	19	1.80	40	7.90	—	—	..
KLM	F.181	—	—	17	5	—	—	..
KLM	F.190.50	—	—	97	3.60	—	—	..
KLM	F.209.50	—	—	28	1.50	—	—	..
NN	F.118.90	—	—	2	4.80	—	—	F.113.90
PHI	F.25	6	2.40	—	—	—	—	F.27.30
PHI	F.27.50	56	0.50	325	1.80	12	2.80	..
PHI	F.30	—	—	64	0.80	194	1.90	..
PRD	$50	10	3⅝	—	—	—	—	$52⅝
PRD	$60	—	—	22	3⅛	—	—	..
RD	F.130	6	4.10	1	7.70	—	—	F.133.80
RD	F.140	—	—	—	—	10	5	..
UNI	F.120	2	5.60	—	—	—	—	F.125.80
		Nov.		Feb.		May		
BA	$60	—	—	5	8¼	—	—	$65⅛
BA	$80	1	⅞	—	—	—	—	..
OXY	$25	—	—	—	—	11	1⅜	$19¾

TOTAL VOLUME IN CONTRACTS 1408

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't Trust	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	10 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corp.	11½%
First Nat. Secs Ltd	11 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montague	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 7%, up to £25,000 7½% [illegible]
‡ Call deposits over £1,000 [illegible]
§ Demand deposits [illegible]

FARMING AND RAW MATERIALS

Danes seek action over industrial fishing ban

BY CHRISTOPHER PARKES

DENMARK HAS *thrown* its weight behind the Common Market Commission's campaign over fisheries policy which is leading to a show-down in the European Court of Justice.

After a Cabinet meeting in Copenhagen yesterday the Government said it would press the Commission to start a special court *action against Britain's* unilateral ban on industrial fishing for fishmeal in a large area of the North Sea.

Government sources were quoted by agencies as saying that if the Commission failed to take action it was logical for the Danish Government to go to law itself.

A *senior EEC official claimed* in Brussels yesterday that Britain was to be taken to court by the Commission over its controls in other sea areas.

Mr. Svend Jakobsen, Danish Fisheries Minister, said that the request for legal action was specifically aimed at British controls in the so-called pout box—a large area of the North Sea off the eastern coast of Scotland.

Officials at the Ministry of Agriculture in London said there could be no question of immediate action, since the British Government still had to respond to the Commission's own complaint about the controls.

Last weekend Mr. Finn Gundelach, the EEC Agriculture Commissioner, asked Britain to delay implementation of its most recent conservation measures and let him see the scientific evidence on which the controls were based.

The new restrictions, which include the extension of the pout box two degrees to the east, are *already in force.*

Britain bases the enlargement of the area on statistics provided by the International Council for the Exploitation of the Sea. If the ban on industrial fishing inside the box—in force from October until March next year—were applied all the year round, it could lead to a 25 per cent rise in haddock stocks in the North Sea and a 50 per cent increase in the number of whiting in the area.

The Danes say that the ban will cut their industrial fishing fleet off from a potential catch of 200,000 tonnes of Norway pout for processing and lose them almost £400,000.

The *British, however, value* the potential increase in stocks of fish for human consumption at three times the Danes' losses.

They also claim that there are plenty more Norway pout shoals in the area around the box.

Danish trawlermen have been warned by their leaders not to risk being caught inside the proscribed zone. British naval protection vessels and surveillance aircraft are keeping a constant watch.

Penalties for illegal fishing range up to fines of £50,000 and confiscation of tackle and catches.

Mr. Kent Kirk, leader of the fishing fleet in Esbjerg, on Den*mark's west coast, told Reuter* that if the Commission failed to stop Britain's unilateral actions he would press the Danish Government to consider abandoning all co-operation with the EEC over fisheries policy.

He said that continued British domination of key parts of EEC waters undermined all possibility of a compromise on Community fisheries policy.

● The Ministry of Agriculture announced last night: "In view of the quantities of mackerel which have been landed in the UK in recent weeks, it has been decided that the permitted daily catch of mackerel which may be landed or transhipped *by British fishing vessels will be* reduced from 5 tonnes to 3½ tonnes per crew member per day at sea."

The change is to take effect on October 9, 1978. Arrangements for the South West fishery are still under consideration.

Lead surges to 17-month peak

BY JOHN EDWARDS, COMMODITIES EDITOR

LEAD PRICES surged upwards again on the London Metal Exchange yesterday reaching the highest levels since May last year. Cash lead rose by £17 to £412 a tonne showing a gain of £43.5 this week alone. Significantly, cash lead has moved to a £6 premium over the three months quotation which was £13 up at £406.75.

An underlying influence in the market is a shortage of immediately available supplies, which is expected to worsen until the high prices attract fresh lead into the LME warehouses. A fall in warehouse stocks is expected this week however.

U.S. buying demand overnight brought a firm opening as dealers covered their positions, and further buying interest then came in from the Soviet Union and Far Eastern countries. Speculative buying fuelled the upward trend, although there were profit-taking sales at the higher level.

London brokers, Wallace Brothers, claim in their latest metals market report that supplies of scrap lead are tightening with industry not recycling as much as previously. At the same time demand for lead has been much better than expected.

Other base metals were also higher. Lead's sister metal, zinc, rose by *£8.125* to *£349.125* for cash metal, reflecting better demand and reduced supplies as a result of production cutbacks.

Tin was encouraged by a rise in the Penang market overnight, and reports suggesting that the chances were receding of Congress authorising releases from the U.S. stockpile before the end of the present session.

Cash tin closed £72.5 up at £7,245 a tonne, despite some early offerings of cash metal and profit-taking sales in the afternoon.

Copper prices also advanced strongly. Cash wirebars closed £8.5 higher at £752 a tonne. The market was boosted by the trend in other metals and some trade buying.

In the U.S. Asarco raised its domestic selling price by another 1 cent to 70 cents a lb for cathodes.

● Reuter reports from Sudbury that the United Steelworkers of America union, on strike since September 15, has asked the Teamsters Union and the Seafarers International Union to stop handling Inco nickel shipments. Dave Patterson, local 6500 president, said no reply has yet been received from the unions. But a refusal by them to move nickel would halt nickel and copper deliveries to Inco customers.

An Inco spokesman said the company has had no difficulties moving nickel to customers since the strike started.

World sugar output fall

By Our Commodities Staff

A FALL in world sugar production in the 1978-79 season to 91.01m tonnes was predicted by sugar statistician F. O. Licht yesterday in his first estimate of the forthcoming crop.

This compares with a final estimate for the 1977-78 season of 93,709,000 tonnes.

Beet output in 1978-79 is put at 35.5m tonnes, against 35.97m tonnes previously, and cane at 55.5m tonnes, compared with 57.7m tonnes.

Sharp fall in cocoa market

By Our Commodities Staff

COCOA PRICES fell sharply in late trading on the London futures market yesterday afternoon.

The March position, after having traded up to £1,995 a tonne, fell to £1,943 before closing at £1,953.5 a tonne, £31 lower than the previous close.

Trade and speculative selling was reported to have been triggered off by rumours that the third quarter grindings figure in the U.S. may fall by as much as 10 per cent compared with earlier predictions of a 5 per cent decline.

London merchants Paterson, Simons and Ewart, in a report *reviewing prospects for West* Africa in 1978-79, forecasts a fall of 83,000 tonnes to 785,000 tonnes.

It puts the Ghana main crop at 260,000 tonnes, which is above many other market estimates. Total crops of other producers are put at 257,000 tonnes for Ivory Coast, 170,000 *Nigeria and 97,500 Camerouns.*

The report says that crops in all the main West African producing countries will be early this season and are likely to tail off abruptly at the end of the year.

This suggests that sufficient cocoa will be available to meet the requirements of industry, *with something to spare until* the second quarter of next year.

Malaysian aid for Bangladesh rubber project

BY WONG SULONG

KUALA LUMPUR, Oct. 5.

A TEAM of rubber experts from Malaysia left today for Dacca to study how their country could help Bangladesh set up a natural rubber industry.

The team's leader, Mr. Ahmad Farouk, deputy controller of rubber research, said that the Bangladesh Government was anxious to diversify its economy, which is based on jute exports.

The team would be in Bangladesh for a week to find out whether Malaysian high-yield rubber clones could be adapted in the country, and the type of training and research facilities that would be required.

Earlier this year, Malaysia signed a five-year agreement with Vietnam to provide assistance in rehabilitating its war-ravaged rubber plantations. Seven Vietnamese technicians are at present attached to rubber research centres in Malaysia for training.

FARMLAND NATIONALISATION

Wealth becomes a burden

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE NATIONAL Union of Agricultural and Allied Workers has put in a call for the nationalisation of farm land. The reasons given are fairly vague. The real one, the redistribution of wealth—dear to all socialists and a good many others too—is left out of account.

The point is that farmland is very valuable. The owner of *even 100 acres is* by any standard a wealthy man with land selling at anything up to £2,000 an acre in smallish lots at recent auctions. A large Hampshire farm was sold for £1,800 an acre last week.

Established farmers, at least the 50 per cent of them who own their land, look on these rising prices with increasing dread, not with the joy that becoming millionaires might be expected to arouse. This is because the increasing values will eventually make it harder for their heirs to find the capital taxation incurred on inheriting, or being given, the farms.

Swollen

Recent Finance Bills have eased the position of both working farmers and other small businessmen in this respect, but the problem is that the value of land is out of all proportion to what can be earned from it.

Farming capital consists of land and buildings, while working capital is represented by machinery and livestock. Working capital for quite a big farm could amount to no more than 25 per cent of the value of the land.

So, when a farmer dies his estate will be swollen by the value of his land, and the taxation to be paid on this would probably make the provision of working capital very difficult.

The owner of a non-farming small business has nothing like the same proportion of capital *invested in land or its equiva*lent. The Chancellor of the Exchequer's concesions are probably of real help to him. But is it acceptable that farmers or landowners should have extra concessions, just because they are so wealthy that they can't find the cash to pay their taxes?

There is no doubt that landowners have a case. It is not their fault that other people trying to join their club are pushing land prices to levels which will penalise them. But the same could be said of owners of stocks and shares, whose heirs have to have them valued for the payment of tax.

The main difference is that the *tax could be a real burden on* the successors to a landowner. If an heir receives inherited wealth in shares, a proportion of them can be sold off without real hurt.

The argument against giving concessions to land-owners that other capitalists do not enjoy is that, in an egalitarian society, concessions are always resented by those who do not enjoy them. There is, too, the possibility that some land-owners would quite cheerfully accept the concessions and then cash in on the full market value of their property.

This could be covered by putting conditions on the concession, such as making it obligatory to hold the land for a term of years before the owner could gain any benefit from a sale at above the original valuation for tax, less the concession. This would not be difficult to administer, as all sales and transfers of land are monitored *by the District Valuer.*

A further development could then be to alter the basis of valuation for tax. At present, land sold with vacant possession is the criterion for valuing the farm of a man who dies as a farmer-owner. If it is a tenanted farm, then the rental value is the basis. Because the vacant possession value is so much higher than its rental value for farming, there is a good case for a concession here, subject to the condition suggested above.

There is an alternative which may even gain some support among members of the agricultural workers' union. I have never seen any reason for *objecting to nationalisation of* land simply on the grounds that it is socialist dogma. What really matters to me is not owning the land—although I do own a portion—but its possession without fear of eviction.

Australia

Faced with the demand for tax, I see no reason why the owner should not pass over a certain acreage to the State in lieu of cash, the raising of which might cripple him. This land could then be rented back under the present laws for a couple of generations and no money need be found.

Some people have a horror of being tenants of the State. It is preferable, admittedly, not to be a tenant at all, but I have rented land from both the State and private landlords and have *found little difference* in the bureaucratic approach of their agents.

To sell out to an institution would be another alternative, but an institution would probably wish to secure the whole and not simply part of the holding.

In their proposals, the union mentioned the State ownership of land in Australia and New Zealand. However, the reason for State ownership there has been to hold the land until it could be disposed of in smaller units as circumstances arose, meanwhile leasing it in much bigger units for a term of years.

The difference between this overseas system of tenancy and the traditional British one has been that only the land is leased. The fixtures—houses, fences and buildings—are the property of the tenant and can be sold by him when departing.

If nationalisation should have to come in Britain, for either fiscal or political reasons, it would be sensible perhaps to enact it on the basis that while the State could in the end own the land, the tenant should own the fixtures.

Seals eat £12m fish a year

BY OUR COMMODITIES STAFF

BRITAIN'S POPULATION of 60,000 grey seals eats as much as 10 per cent of the catchable fish to be found in the national 200-mile zone, the Scottish Office claimed yesterday. At average landed prices such consumption is worth £12m a year.

In a response to pressure groups which want to stop the planned cull of grey seals, officials from the Scottish Office said the population had doubled in the past 10 years and the number around Britain was likely to continue increasing at a similar rate.

There were no natural predators or other factors to stabilise the population, they told representatives from the Greenpeace Foundation.

The decision to reduce numbers was taken on the advice of the Seals Advisory Committee and after consultation with official conservaion bodies.

And the campaigners were warned not to interfere with the killing since any further disturbance in the breeding colonies could lead to even greater distress by increasing the number of pups abandoned by their mothers.

The Government says it is satisfied that the planned cull will not put the future of the seals at risk, officials added. And they made it plain that there was no question of the cull being ordered for commercial reasons or "the convenience of the fur trade."

Grey seals were first protected by the law in 1914 when the population was estimated at 500. The Grey Seals Protection Act forbids killing of seals during the breeding season when they spend much of their time on land with their young, and the skins of the pups are most valuable.

The current culling programme aims at reducing the grey seal population by half over six years. The main reason for the reduction, the Scottish Office says, is to reduce losses to the fisheries which are currently about 56,000 tonnes a year.

Net cost of the operation, after allowing for income from the sales of skins, will be between £10,000 and £20,000.

JAPAN TO IMPORT LESS TIMBER

TOKYO, Oct. 5.

JAPAN'S TIMBER imports from the Soviet Union and New Zealand may fall in the half-year beginning this month as the result of a drop in domestic demand, according to the Central Timber Supply-Demand Co-ordinating Council here.

The council estimates that Japan's timber imports from the U.S. will total 10.57m cubic metres this year—up 4 per cent—while imports from South-East Asia will be 1 per cent up at *21.14m cubic metres.*

Sri Lanka to boost rubber production

COLOMBO, Oct.

SRI LANKA hopes to boost rubber production to about 170,000 tonnes by 1983 as part of a long-term plan to develop its rubber industry, a plantation ministry spokesman said.

The plan, to be spread over 15 years, includes a replanting target of 3 per cent of the area under rubber or 15,000 acres a year, he said.

The target is to be gradually stepped up to 5 per cent to catch up with a big replanting back*log over the last few years, he* added.

The plan will be implemented with assistance from developed countries and a three-member team from the UK Ministry of Overseas Development is already advising the Government on increasing production and improving process techniques.
Reuter

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Moved ahead on the London Metal Exchange. The firmness of other base-metals coupled with some trade buying saw forward metal open higher at £767.5 and rise to a day's high of £775 *before a slightly disappointing opening* on Comex prompted profit-taking which left forward material at £772.5 on the afternoon kerb. Turnover: 17,950 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £754, 54.5, 54, three months £773, 72.5, 73, 73.5, 74, 73.5, 74.5, 75, 74.5. Cathodes, cash £741, 42, 41, three months £763, 62, 62.5, 62. Kerb: Wirebars, cash £752, three months £774, 73.5, 73, 72.5, 72, 72.5. Afternoon: Wirebars, three months £772, 72.5, 72, 71.5, 72. Cathodes, cash £739.5. Kerb: Wirebars, three months £772, 71.5, 72, 72.5, 72.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	753.5-4	+4.75	751.5-2.5	+8.5
3 months	774-.5	+4.5	772-.5	+7.75
Settl'm'nt	754	+4.5	—	......
Cathodes				
Cash	740.5-1.5	+5.75	739-.5	+5.75
3 months	762-.5	+4	760-.5	+5.25
Settl'm'nt	741.5	+4	—	......
U.S. Smt.	626	......	65-66	......

TIN—Higher. The rise in the Penang price caused forward metal to open firmer at £7,020. Thereafter, chartist buying and stop-loss buying pushed the price up to a day's high of £7,065 before it eased fractionally to close on the late kerb at £7,060. Turnover: 1,860 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7255-6	+115	7240-50	+72.5
3 months	7045-50	+95	7050-65	+67.5
Settlem't	7265	+115	—	......
Standard				
Cash	7255-60	+115	7240-50	+72.5
3 months	7035-40	+100	7040-50	+77.5
Settlem't	7260	+115	—	......
Straits E.	$1885	+20	—	......
New York	—		—	

Morning: Standard, cash £7,260, three months £7,040, 45, 40, 50, 45, 50, 45. High Grade, three months £7,045. Kerb: Standard, three months £7,055. Afternoon: Standard, cash £7,245, 40, 45, three months £7,030, 35, 30, 40, 45. Kerb: Standard, three months £7,050, 60, 55, 60.

LEAD—Very firm with both cash and forward metal reaching their highest levels since early May, 1977. Forward metal opened at £395 and quickly moved up to breach the £400 level owing to overnight U.S. buying. Values rose afresh in the afternoon with heavy buying cash material establishing a £7 backwardation at one point. Forward metal touched the day's highest level of £409 in the afternoon rings but the price was pared to £405.5 on the late kerb following profit-taking. Turnover: 13,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	407-.5	+12.5	411.5-2.5	+17
3 months	403.5-4	+10	406.5-7	+16
Sett'ment	407.5	+12	—	......
U.S. Spot	352.5		331.33	

Morning: Cash £403, 4, 4.5, 5, 6, 7, three months £403, 4, 3.5, 4, 4.5, 4, 3.5, 4. Kerb: Three months £404, 3.5, 4, 3, 3.5, 4. Afternoon: Cash £410, 12, three months £405, 6, 5.5, 6, 7, 8, 9, 8, 9, 8, 7, 6.5, 7, 6.5, 6. Kerb: Three months £406, 6.5, 6, 5.5.

ZINC—Gained ground mainly influenced by the continued firmness of the lead market. After trading quietly on the pre-market around the £353 forward metal climbed to the day's highest level of £360 in the afternoon prior to closing on the late kerb at £358.5. Turnover: 8,400 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	346.5-7	+6	349.25	+8.12
3 months	356-.5	+5	358.5-9	+5.5
S'ment	347	+6	—	......
Prim.west	—		29.31	

Morning: Three months £356, 56.5, 57, 58, 57.5, 58, 58.5, 58, 58.5. Kerb: Three months £358.5. Afternoon: Three months £359, 59.5, 60, 59.5. Kerb: Three months £359, 59.5, 60, 59, 58.5, 58.

* Cents per pound. ‡ SM per picul. † On previous unofficial close.

ALUMINIUM—Three months morning close £584 (£583.75). Afternoon close £583.75 (£583.5). Trades: Morning: Three months £584, 83.5, 83, 83.5, 84. Kerb: Untraded. Afternoon: Three months £583.5, 84. Kerb: Untraded. Sales: 400 tonnes (1,725).

I.G. Index Limited 01-351 3466 — Three months Lead 404.0-408.5
29 Lamont Road, London SW10 0HS
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

SILVER

Silver was fixed 0.85p an ounce lower for spot delivery in the London bullion market yesterday at 294.65p. U.S. cent equivalents of the fixing levels were: spot 584.4c, down 0.6c; three-month 595.4c, down 0.6c; six-month 606.2c, down 0.6c; and 12-month 629.9c, down 0.6c. The metal opened at 294-295p and closed at 294½-295½p.

COTTON

LIVERPOOL COTTON—No spot or shipment sales were recorded, leaving the total for the week so far at 196 tonnes. Operations were restricted and little was heard of additional demand. F. W. Tattersall reported interest chiefly in African and Far Eastern styles.

COCOA

The threat of producer-selling lead to further long liquidation and chartist short-selling, Gill and Duffus reported.

COFFEE

GRAINS

SUGAR

WOOL FUTURES

SOYABEAN MEAL

RUBBER

STEADIER opening on the London physical market. Good interest throughout the day, closing on a firm note. Lewis and Peat reported a Malaysian godown price of 281 (259½) cents (buyer, Oct.).

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 53.0 to 57.0; Ulster hindquarters 63.0 to 66.0, forequarters 36.0 to 39.0; Eire hindquarters 62.0 to 65.0, forequarters 36.0 to 39.0.

Veal: English fats 62.0 to 78.0, Dutch hinds and ends 84.0 to 86.0.

Lamb: English small 53.0 to 61.0, medium 53.0 to 58.0, heavy 50.0 to 54.0.

... Damsons—Per pound 0.15. Tomatoes—Per 12-lb English 1.60-2.00. Cabbages—Per crate 0.80-0.90. Celery—Per head 0.06-0.07. Cauliflowers—Per 12 Lincoln 1.00-1.40. Runner beans—Per pound Stick 0.10. Beetroot—Per 28-lb 0.60. Carrots—Per 28-lb 0.50-0.70. Capsicums—Per pound 0.20. Courgettes—Per pound 0.15-0.16. Onions—Per bag 1.60. Picklers 2.50-2.60. Swedes—Per 28-lb 0.50-0.60. Turnips—Per 28-lb 1.00. Parsnips—Per 28-lb 1.00-1.20. Sprouts—Per pound 0.07-0.0. Cobnuts—Per pound Kent 0.45. Corn cobs—Each 0.04-0.05.

PRICE CHANGES

Price in tonnes unless otherwise stated.

India's tea crop lower

By Our Own Correspondent

CALCUTTA, Oct. 5.

INDIA'S TEA crop up to the end of August this year was 7m kilos below the same period last year, according to industry sources. They do not think that the 1978 output will match the 1977 figure of 560m kilos.

However, a definite indication of the size of this year's crop will be known when the September figures are released by the Tea Board.

Unlike jute, tea grown in the highland northern districts of West Bengal has not been affected by the latest floods. But a considerable quantity of tea stored in warehouses for the local auctions, as well as for export, has been damaged by last week's rains.

INDICES

FINANCIAL TIMES

Oct. 4	Oct. 3	Month ago	Year ago
258.71	257.69	249.23	239.66

(Base: July 1, 1952=100)

REUTERS

Oct. 5	Oct. 4	Month ago	Year ago
1508.2	1507.0	1479.0	1504.4

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Oct. 4	Oct. 3	Month ago	Year ago
Spot	308.12	379.23	377.17	476.75
Futures	382.30	379.97	375.17	316.11

(Average 1924-25-26=100)

MOODY'S

Moody's	Oct. 4	Oct. 3	Month ago	Year ago
Sple Commty	964.0	965.6	940.6	852.0

(December 31, 1931=100)

*

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £3.30-£4.40; Shelf haddock £4.50-£5.00, medium haddock £3.80-£4.50, small haddock £3.00-£3.80; large plaice £4.50-£4.70, medium plaice £4.20-£5.20, best small plaice £3.80-£4.40; large skinned-dogfish £9.00, medium £7.60; large lemon soles £7.50, medium £6.30; rockfish £3.00-£3.40; saithe £1.50-£3.30.

U.S. Markets

Copper up; sugar drops back

NEW YORK, Oct. 4.

PRECIOUS METALS closed mixed on speculative evening-up prior to the release of the IMF gold auction and the release of the wholesale price index tomorrow. *Copper closed higher* on trade arbitrage buying while sugar declined over confusion concerning a domestic pact. Cocoa rallied on trade arbitrage buying and speculative short-covering on expectations of a relatively constructive U.S. grind figure on Friday, Bache reports.

Cocoa—Dec. 168.95 (167.20), March 168.95 (166.95), May 167.50, July 165.45, Sept. 163.45, Dec. 159.35 settlements. Sales: 664.

Coffee—"C" Contract: Dec. 154.75-155.00 (153.78), March 146.75-146.90 (144.25), May 141.00-141.50, July 137.50-138.50, Sept. 135.50, Dec. 133.00-134.00, March 125.00-135.00. Sales: 898 lots.

Copper—Oct. 66.85 (66.50), Nov. 67.40 (67.10), Dec. 68.00, Jan. 68.55, March 69.60, May 70.65, July 71.65, Sept. 72.55, Dec. 73.80, Jan. 74.20, March 75.00, May 75.80, July 76.60. Sales: 5,600 lots.

Cotton—Oct. 63.65-63.75 (63.75), Dec. 65.80-65.95 (66.14), March 68.00-68.05, May 69.20, July 69.30-69.40, Oct. 66.10-66.20, Dec. 65.80-65.90, March 66.65 bid. Sales: 5,550.

*Gold—Oct. 224.00 (223.30), Nov. 225.50 (224.70), Dec. 227.00, Feb. 230.70, April 234.40, June 238.10, Aug. 241.90, Oct. 245.70, Dec. 249.60, Feb. 253.60, April 257.70, June 261.80, Aug. 265.90. Sales: 15,000 lots.

†Lard—Chicago loose 24.50 traded (24.75). NY prime steam 26.00 traded (26.25).

‡Maize—Dec. 229-229½ (229½), March 238-238½ (238½), May 245½-245, July 248½, Sept. 251, Dec. 254½.

STOCK EXCHANGE REPORT

Equity leaders become uncertain after two-day upturn but EMI up in heavy trading on news of U.S. deal

Account Dealing Dates

First Dealings	Option *Declarations	Last Dealings	Account Day
Sep. 18	Sep. 28	Sep. 29	Oct. 10
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Apprehensions that equity markets could enter into a state of uncertainty while the Government attempts to reach some form of compromise with the unions over pay were considered one of several possible reasons for a reversal yesterday of the recent two-day advance in prices.

Immediately it became apparent that the recent small demand had evaporated, dealers lowered leading industrials and the manoeuvre soon had its repercussions. Short-term professional speculators were unsettled and found prices ready to react just as quickly as they had moved higher in the mid-week business.

This demonstration of the continuing sensitivity of markets owed something to the fact that jobbers were unwilling to take stock on their books, preferring to maintain balanced positions. The result was that a modest initial rise in the FT 30-share index was transformed into a loss of nearly eight points at the 2 pm calculation before a close of 6.3 down on balance at 504.8.

Speculative enthusiasm in the Electrical sector faded but EMI revived strongly on relief that the dividend had, at least, been maintained and the later news of the scanning licensing agreement with Johnson and Johnson Inc., a deal which an EMI spokesman said could represent multi-million dollar income for the company.

Unaffected by the turnround in equities, British Funds welcomed a brief early expansion in trade. Small investment demand was directed to the longer maturities which were quoted marginally firmer on overnight levels, but the shorts eased before rallying to close slightly harder on the day. Minimum Lending Rate was unchanged at 10 per cent as expected. A steadier performance by Corporations left scattered improvements in the majority.

The investment currency market experienced volatile conditions again yesterday. The premium moved forward sharply on a reasonable institutional business to touch a high of 84½ per cent before closing at 83¾ per cent, a rise of 1¾ per cent on the day. Yesterday's SE conversion factor was 0.7128 (0.7137).

The market in Traded Options turned quieter with contracts totalling 343 compared with the previous day's 795.

Ferranti issues encountered a less active trade, the new ordinary reacting 9 to 378p on scattered offerings.

Home banks surrendered the previous day's small gains in thin trading. Among Discounts, Union improved 5 to 315p but Clive were unmoved at 77p following the interim statement. Merchant Banks were notable for an improvement of 3 to 233p in Guinness Peat after the chairman's confident remarks in his annual review.

Insurances closed quietly dull. **Sedgwick Forbes** lost 10 to 425p, while **Hambro Life**, a firm market of late following favourable interim figures, eased 5 at 400p, after 397p.

Amalgamated Distilled Products continued firmly, rising 4 to 33p for a two-day gain of 7 on mounting speculation that the company has sold its Robert Porter subsidiary. **Invergordon** hardened 3 to 145p for a two-day speculative advance of 13, but **Distillers**, at 204p, gave up half of Wednesday's rise of 6.

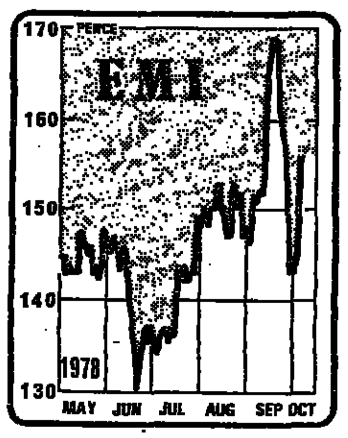
Timber issues provided a spark of interest in an otherwise neglected Building sector. Stimulated by the recently-agreed merger of Bambergers and International Timber, speculative demand developed for May and Hassell, 4 better at 83p, and **Parker Timber**, 6 up at 106p. **Phoenix** finished 3 to the good at 147p. Elsewhere, **Crouch Group** added 2 to 69p following news of planning permission for three office blocks involving a £3.3m investment. Occasional selling clipped 4 from **Milbury** at 48p.

ICI touched 402p in early dealings but lack of sustained interest brought a close of 397p, down 4. **Ellis and Everard**, at 105½p, relinquished 6 of Wednesday's late jump of 12½ that reflected ICI's purchase in the company's equity from **Unilever**, 4 easier at 562p. Good interim results and a proposed 100 per cent scrip issue left **Wolstenholme Bronze** 25 up at 255p.

EMI good late

EMI claimed the limelight in Electricals, rising to 153p on relief that the dividend has been maintained before easing back to around the overnight level in light trading; after-hours, the shares attracted a heavy turnover and closed a net 13½ higher at 158½p following the announcement of the company's licensing agreement with Johnson and Johnson. **Farnell Electronics**, interim results Tuesday, rose 8 further to 423p, after 430p. **Thorn Electrical**, at 376p, gave up 6 of Wednesday's advance of 16. Other notable casualties included **GEC**, 9 easier at 327p, and **Racal Electronics**, 10 cheaper at 334p.

Favourable Press comment and the chairman's encouraging



remarks at the annual general meeting attracted renewed investment interest in **Dixons Photographic** which moved forward steadily to feature Stores with a rise of 11 to 136p. **Bambers**, 151p, and **A. G. Stanley**, 158p, rose 4 apiece, while improvements of 3 were seen in **Executex**, 53p, **Wallis**, 68p, and **Wearwell**, 37½p. **W. L. Pawson** remained in demand at 64p, up 3, with the new nil-paid closing 2 to the good at 25p, after 26p premium. **Lee Cooper**, at 143p, gave up 5 of the previous day's rise of 13 and **Freemans** ended a like amount easier at 380p: the latter's interim figures are due next Monday. Of the quietly dull leaders, Marks and Spencer finished 2 lower at 83p, after 82p: the first-half results are due on October 17.

Engineering majors became vulnerable to light selling on an unwilling market. **Hawker Siddeley** reacted 9 to 255p and **Tube Investments** 10 to 384p, while **John Brown**, a good market of late on Press mention, ran back 8 to 456p. Elsewhere, **G. Whitehouse** reacted 7 to 108p despite the increased dividend and profits, while acquisition news failed to help **APV** which gave up 6 to 227p. Recent speculative favourites **Charles Clifford**, 130p, and **Spear and Jackson**, 142p, reacted 5 and 4 respectively, but **Beauford Group** hardened a shade further to 56p in response to the increased interim dividend and profits. On the other hand, the strike threat by workers at its Glasgow pumps factory unsettled **Weir Group** which eased 2 to 117p. Satisfactory interim results lifted **Warne Wright and Rowland** 2 to 54p. Occasional support was forthcoming for Shipbuilders where **Vosper** firmed 5 to 207p and **Swan Hunter** 2 to 157p.

Bejam figured prominently in Foods, rising 6 to 65p on the scrip issue proposal which accompanied the preliminary figures. **Associated Fisheries** responded to renewed speculative interest with an improvement of 5 to 30p, while investment demand left **Geo. Bassett** a like amount better at 132p.

Vantona better

Easier conditions returned to the miscellaneous Industrial leaders as recent buyers returned to the sidelines. Subsequently, prices drifted lower on small offerings and lack of support and closing falls ranged to 12. **Beecham** lost that much at 710p, while **Pilkington** cheapened 8 to 308p, **Rank** declined 5 to 265p and **Metal Box** 4 to 354p. Ahead of Monday's annual results, **Glaxo** gave up 5 to 635 and **BOC International**, still overshadowed by the threatened strike of some of its key workers, reacted 1½ more to 69½p. Awaiting further news of the recent approach which may lead to a further bid for the company, **Compton Sons and Webb** edged forward 1 to 72p, after 73p, while **Vantona** rose 9 to 137p on speculation concerning its shareholding in Comptons. **Sears** touched a 1978 peak of 45½p in immediate response to the sharply higher interim earnings before closing a penny better on balance at 44½p. Comment on the interim performance helped **Holt Lloyd International** gain 5 to 172p but persistent small selling and lack of support prompted a fall of 15 to 190p in **Avon Rubber**. **ICL** at 473p, gave up 7 of the recent good rise which followed an investment recommendation and suggestions that Plessey are about to sell its 24.42 per cent stake in the company to Racal Electronics.

Firm of late on the chairman's remarks on current trading, **Norton and Wright** added 3 more to a high for the year of 218p. **Barr and Wallace Arnold A** found support and improved 4 to 135p.

The large pay claim drawn up by BL Cars shop stewards tended to unsettle the Motor sector but little selling pressure developed and scattered losses mainly reflected the absence of further support. **Dowty** eased 5 to 275p and **Lucas** 4 to 307p, while **Dunlop** shaded a penny to 74p. **Dutton Forshaw** eased a penny to 48½p, but **Tate of Leeds** ended that amount dearer at 75p, after having been sold down to 72p.

News International encouraged a reasonable business following favourable Press comment on Wednesday's interim statement and advanced 13 to 263p, after 265p.

In Properties, **Land Securities** touched 236p before ending at 233p, a net 2 down, but **Stock Conversion** held a gain of 5 at 278p. Renewed rumours of bid possibilities lifted **Midhurst Whites** 3½ to 48½p and in a thin market **Estates and Agency** improved 3 to 45p.

Oils quietly dull

Interest in the Oil sector was at a particularly low ebb. Lack of any further support saw **British Petroleum** drift lower to close with a loss of 6 at 906p, while **Shell** ended similarly cheaper at 576p. Among the more speculative issues, **Ultramar** ran back 8 to 228p, while **Siebens (UK)** were volatile and closed 14 lower at 326p. **Oil Exploration**, 316p, and **Trincentrol**, 180p, fell 6 apiece.

Financials had a mixed appearance. Higher interim figures left **Ex Lands** a shade harder at 14p. **Explorations** finished a penny firmer at 28p on the first-half profits increase. Small selling clipped 3 from **Kitchen Taylor** at 84p.

Shippings had an easier bias. Against the trend, small buying in a thin market lifted **British and Commonwealth** 5 to 305p, after 307p. **Caledonia Investments**, which holds 49 per cent of B and C, improved 4 to 274p.

Textiles took on a rather mixed appearance. A Press suggestion that the bid from Wm. Baird may prove abortive left **Dawson International** down 4 at 195p and the "A" 5 lower at 194p compared with the share exchange and cash offer worth 208p. **S. Lyles** firmed 4 to 65p on the improvement in second-half trading, but lower interim profits left **Sanderson Murray** a penny cheaper at 38p.

Golds mark time

South African Gold shares tended to mark time after the strong rise over the previous two days. Buying interest fell away as the bullion price traded around its overnight level, prior to closing 75 cents up at a record $223.125 per ounce following the outcome of the latest International Monetary Fund gold auction, which was generally considered satisfactory.

The Gold Mines index eased 0.2 to 173.9. Features in Golds were few with heavyweights like **West Driefontein**, £24 and **Western Holdings**, £21 down around ¼, while cheaper-priced issues showed **Free State Saaiplaas** 8½ higher at 89p in a belated upward movement.

On the other hand South African Financials continued to attract American buying. **Anglo American Corporation** advanced strongly to close another 6 firmer at 378p—a two-day improvement of 28—and **De Beers** put on 3 more to 421p.

London-registered Financials held up well in view of the weakness of UK equities. **Gold Fields** climbed 3 to 185p but **Rio Tinto-Zinc** slipped 2 to 250p.

The recent buoyancy of the free market platinum price prompted further Cape and London buying of Platinums. **Bishopsgate** rose 4 to 100p, while gains of 3 were common to **Lydenburg** and **Rustenburg** at 68p and 102p respectively.

A firmer trend developed in Australians reflecting the modest rise in the investment currency premium and the slight improvement overnight in Sydney and Melbourne markets.

Conzinc Riotinto moved up 6 to 306p reflecting buying interest in front of the September quarterly report on the Ashton venture. Other diamond issues generally edged up a few pence. Elsewhere renewed speculative buying from London, Ireland and Canada saw the **Northgate** group companies move sharply higher. **Northgate** themselves jumped 30 to 435p, **Anglo United Development** 20 to 245p and **Westfield Minerals** 12 to 132p.

FINANCIAL TIMES STOCK INDICES

—	Oct. 5	Oct. 4	Oct. 3	Oct. 2	Sept. 29	Sept. 28	A year ago
Government Secs.	69.95	69.97	69.85	69.71	70.00	70.02	79.03
Fixed Interest	71.82	71.61	71.59	71.78	71.85	71.80	80.14
Industrial	504.8	511.1	505.2	499.2	500.6	501.2	518.7
Gold Mines	173.9	174.1	166.2	165.1	168.6	170.1	148.4
Ord. Div. Yield	5.31	5.24	5.31	5.37	5.36	5.35	5.17
Earnings, Y'ld% (full)(*)	14.98	14.79	14.98	15.15	15.12	15.16	16.20
P/E Ratio (net) (*†)	8.85	8.96	8.85	8.75	8.77	8.74	9.38
Dealings marked	4,793	5,038	4,629	4,984	4,842	5,162	6,643
Equity turnover £m	—	87.36	62.74	63.14	86.06	98.44	112.79
Equity bargains total	—	18,202	15,499	14,764	17,365	16,726	18,302

10 am 512.3. 11 am 509.0. Noon 505.3. 1 pm 503.6. 2 pm 503.2. 3 pm 504.0.

Latest Index 01-246 8026.

*Based on 52 per cent corporation tax. †Nil=8.62.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	75.85 (3/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/3)	130.3 (5/1)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVITY

	Oct. 5	Oct. 4
—Daily		
Gilt-Edged	157.0	161.3
Industries	170.5	174.3
Speculative	38.1	43.4
Totals	109.1	114.7
5-day Average		
Gilt-Edged	159.9	163.3
Industrials	171.5	175.5
Speculative	35.5	35.8
Totals	110.6	112.3

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 26	Oct. 9	Dec. 28	Jan. 9
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6

For rate indications see end of Share Information Service

Stocks favoured for the call were EMI, Central and Sheerwood, William Press, Dawson International, First National Finance 9½ per cent 1992/97, Westland, Ladbroke Warrants, Carless Capel, United Carriers, BSG International, and Scottish European Investment. Puts were done in Lucas Industries and Robertson Foods, while doubles were arranged in Ultramar and First National Finance and 9½ per cent 1992/97.

LONDON TRADED OPTIONS

Option	Ex'rcise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	850	60	20	99	—	123	—	907p
BP	900	23	11	64	18	89	—	„
BP	950	5	7	38	6	62	—	„
Com Union	160	1	3	6½	—	9½	—	141p
Cons Gld	180	9	10	20	6	27	—	185p
Cons Gold	200	1½	2	9	—	18	—	„
Courtaulds	130	2	—	6	16	9	—	122p
GEC	300	29	10	46	—	55	—	326p
GEC	330	8	5	26	3	37	1	„
GEC	360	2	—	15	11	23	—	„
Grand Met	100	13½	42	22	—	24	—	111p
Grand Met	110	5	6	13½	—	15½	—	„
Grand Met	120	1½	—	6½	11	9	—	„
ICI	360	40	3	53	5	58	5	397p
ICI	390	13½	28	31	15	39	—	„
ICI	420	2	—	15	10	20	5	„
Land Secs.	220	15½	40	24	1	32	—	233p
Land Secs.	240	4	—	15	10	21	—	„
Marks & Sp.	70	14½	2	17	—	20	—	83p
Marks & Sp.	80	5	5	10	15	13½	—	„
Marks & Sp.	90	1	5	5½	15	9	—	„
Shell	550	31	16	53	—	66	—	577p
Shell	600	5	35	24	3	37	—	„
Total			250		143		11	
		November		**February**		**May**		
Boots	200	16	—	25	12	32	—	209p
Boots	220	6	30	11	—	21	—	„
Boots	240	2	—	7	—	12	1	„
EMI	140	10	43	16	—	22	—	146p
EMI	160	3	7	9	—	15	7	„
EMI	180	1	—	5	1	8	1	„
Imperial Gp	80	5½	10	8½	5	9	6	82p
Imperial Gp	90	1¾	—	5½	—	4	10	„
R.T.Z.	260	6	7	19	—	28	—	250p
Totals			97		18		24	

FOOD PRICE MOVEMENTS

	October 5 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,175
British A.1 per ton	1,085	1,085	1,085
Irish Special per ton	1,010	990	990
Ulster A.1 per ton‡	1,050	1,030	1,000
BUTTER			
NZ per 20 kg	12.59/12.72	12.59/12.72	12.59/12.72
English per cwt†	75.59/77.61	75.59/77.61	75.59
Danish salted per cwt†	78.98/81.72	78.98/81.57	78.98/80.02
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,275	1,275	1,275
EGGS*			
Home-produce:			
Size 4	3.00/3.30	3.00/3.30	—
Size 2	3.70/4.10	3.70/4.10	—
	October 5 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	53.0/57.0	53.0/57.0	54.0/58.0
Eire forequarters	36.0/39.0	36.0/38.0	—
LAMB			
English	—	52.0/58.0	54.0/59.0
NZ PLs/PMs	—	56.5/58.0	54.5/55.0
PORK (all weights)	37.0/46.0	37.0/46.0	36.0/46.0
POULTRY—Broiler chickens	36.0/39.0	36.0/39.0	36.0/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery October 8-15.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (56)

CANADIANS (1)
Brascan

BANKS (1)
First Natl. Fin.

BEERS (1)
Macallan-Glenlivet

BUILDINGS (2)
Brownlee, Lafarge S.A.

CHEMICALS (1)
Wolstenholme Bronze

STORES (7)
Allied Retailers, Owen Owen, Bambers, Pawson (W. L.), Foster Bros., Vantona, Home Charm

ELECTRICALS (5)
Dubilier, Unitech, Farnell Elect., Westinghouse, Thorpe (F. W.)

ENGINEERING (6)
Beauford, Norton (W. E.), Boulton (Wm.), Richards (Leicester), Hopkinsons, Utd Engineering

FOODS (1)
Bluebird Conf.

INDUSTRIALS (14)
Arenson, P.M.A. (Holdings), Caplan Profile, Prov. Laundries, Compton & Webb, Relyon PBWS, Dykes (J.), Restmor, Hay (N.), Sears Holdings, Initial Services, Sharna Ware, Macfarlane, Silentnight

LEISURE (1)
Norton & Wright

NEWSPAPERS (1)
Independent

PAPER (2)
East Lancs. Paper, Harrison & Sons

PROPERTY (2)
Allied London, County & District

SHIPPING (1)
British & Com'wealth

TEXTILES (3)
Notts. Mfg., Yorks. Fine Woollen, Vita-Tex

TRUSTS (5)
Bishopsgate Prop., Kwahu, Caledonia Invs., London Merchant, London & Liverpool

TEAS (1)
Warren Plants.

MINES (1)
Tanks Conv. Pref.

NEW LOWS (6)

BUILDINGS (1)
Aberdeen Const.

ELECTRICALS (1)
Motorola

FOODS (1)
British Vending

PAPER (1)
Finlas

OILS (1)
Aran Energy

TEAS (1)
Assam Invs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	9	—	67
Corpns Dom. and Foreign Bonds	11	4	47
Industrials	304	362	866
Financial and Prop.	98	82	333
Oils	6	14	16
Plantations	8	5	18
Mines	54	25	60
Recent Issues	18	6	20
Totals	508	498	1,427

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
GEC	25p	16	327	− 9	338	253
BP	£1	13	906	− 6	926	720
EMI	50p	13	158½	+13½	190	130
Shell Transport	25p	12	576	− 6	602	484
BATs Defd.	25p	11	263	− 5	304	227
ICI	£1	9	397	− 4	421	328
Marks & Spencer	25p	9	83	− 2	94	67½
Thorn Elect.	25p	9	376	− 6	400	308
Beecham	25p	8	710	−12	743	583
Dalgety "New"	Nil/pd.	7	37pm	+ 2	41pm	33pm
Dowty	50p	7	275	− 5	304	132
Imperial Group	25p	7	81½	− ½	89	71½
Midland Bank	£1	7	338	− 4	390	330
Sears Hldgs.	25p	7	44½	+ 1	45½	27½
Unilever	25p	6	562	− 4	692	476

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thur., Oct. 5, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed., Oct. 4 Index No.	Tues., Oct. 3 Index No.	Mon., Oct. 2 Index No.	Fri., Sept. 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	245.13	−1.3	15.74	5.10	8.72	248.32	244.26	241.08	241.92	219.94
2	Building Materials (27)	210.06	−1.2	16.66	5.39	8.28	212.67	210.01	207.70	209.65	208.08
3	Contracting, Construction (28)	385.81	−0.4	18.03	4.07	8.06	387.45	384.38	380.65	386.17	355.54
4	Electricals (14)	568.40	−2.1	12.75	3.26	10.84	580.62	566.83	554.75	552.73	475.73
5	Engineering Contractors (14)	380.13	−0.3	17.47	5.72	7.76	381.45	374.16	369.21	370.02	316.58
6	Mechanical Engineering (72)	194.36	−1.2	16.99	5.52	7.86	196.70	193.33	191.13	191.62	169.64
8	Metals and Metal Forming (16)	170.93	−0.8	15.63	8.33	8.87	172.37	170.95	170.30	171.58	164.52
11	CONSUMER GOODS (DURABLE) (53)	216.32	−1.0	15.88	4.90	8.80	218.50	214.62	212.07	213.49	206.54
12	Lt. Electronics, Radio, TV (16)	267.08	−1.2	13.78	3.81	10.17	270.40	263.58	260.22	262.35	249.84
13	Household Goods (12)	185.89	—	16.62	6.09	8.60	185.96	183.24	182.51	183.58	189.82
14	Motors and Distributors (25)	128.18	−0.8	19.37	6.46	7.19	129.24	128.48	126.93	127.48	124.60
21	CONSUMER GOODS (NON-DURABLE) (172)	216.65	−0.7	15.34	5.66	8.79	218.09	215.27	212.88	214.23	218.25
22	Breweries (14)	230.91	−0.3	14.53	6.15	9.47	231.72	229.52	225.15	226.95	219.20
23	Wines and Spirits (6)	286.82	−1.3	14.84	5.01	10.05	290.52	282.72	277.24	276.09	247.18
24	Entertainment, Catering (17)	271.42	+0.3	14.95	6.43	9.76	270.73	264.77	261.23	263.29	258.21
25	Food Manufacturing (19)	211.57	−0.6	18.29	5.10	7.24	212.78	211.82	209.55	211.66	214.88
26	Food Retailing (15)	230.27	+0.2	13.14	4.47	10.58	229.91	227.66	225.26	227.31	235.98
32	Newspapers, Publishing (12)	391.92	+1.1	19.92	6.15	7.08	387.58	384.25	379.11	385.83	347.27
33	Packaging and Paper (15)	146.21	−0.8	17.62	7.33	7.48	147.44	145.82	143.61	144.76	140.93
34	Stores (40)	204.40	−1.2	10.71	4.45	13.63	206.81	203.06	201.32	202.40	202.67
35	Textiles (25)	186.51	−0.9	17.67	7.47	7.36	188.16	186.39	184.05	184.32	178.88
36	Tobaccos (3)	242.41	−0.6	22.71	7.74	5.21	243.99	242.41	241.83	242.93	234.67
37	Toys and Games (6)	116.94	−1.1	19.39	5.46	6.03	118.22	115.99	116.52	117.06	108.24
41	OTHER GROUPS (98)	213.37	−0.7	14.60	5.63	8.83	214.89	212.34	209.95	210.77	208.02
42	Chemicals (19)	297.81	−0.8	15.38	6.35	8.46	300.30	297.98	295.84	294.85	284.96
43	Pharmaceutical Products (7)	280.19	−1.1	10.23	3.66	12.04	284.13	281.38	278.85	281.96	0.00
44	Office Equipment (6)	139.85	−1.4	17.37	5.43	6.86	141.91	139.26	135.42	136.44	139.07
45	Shipping (10)	426.74	−1.1	14.57	7.15	8.77	431.56	426.67	425.04	423.75	506.15
46	Miscellaneous (57)	229.24	+0.1	15.07	5.94	8.27	229.12	225.70	222.32	223.93	212.86
49	INDUSTRIAL GROUP (495)	230.13	−0.8	15.30	5.45	8.78	232.10	228.99	226.22	227.35	219.17
51	Oils (5)	511.71	−0.9	13.66	3.93	7.95	516.20	507.52	501.78	502.69	524.86
59	500 SHARE INDEX	253.76	−0.9	15.06	5.23	8.65	255.93	252.30	249.35	250.49	244.38
61	FINANCIAL GROUP (100)	165.24	−0.6	—	5.88	—	166.23	164.26	163.05	164.63	184.60
62	Banks (6)	180.96	−1.3	25.83	6.48	5.81	183.41	181.03	180.26	181.89	198.18
63	Discount Houses (10)	208.43	+0.7	—	8.30	—	206.98	205.74	203.83	203.83	248.75
64	Hire Purchase (5)	158.37	+0.2	15.38	5.20	8.58	158.02	156.72	155.81	155.55	198.69
65	Insurance (Life) (10)	136.18	+0.5	—	6.90	—	135.53	134.11	131.38	133.03	155.30
66	Insurance (Composite) (7)	123.56	−1.0	—	7.10	—	124.79	122.62	121.02	122.67	161.72
67	Insurance Brokers (10)	341.01	−1.1	13.91	4.86	10.28	344.83	340.97	341.21	346.47	344.83
68	Merchant Banks (14)	82.69	+0.6	—	5.88	—	82.17	81.64	81.72	82.26	97.88
69	Property (31)	258.67	−0.2	3.36	2.84	51.01	259.21	255.94	255.08	257.26	234.86
70	Miscellaneous (7)	109.16	+0.3	23.13	7.65	5.60	108.80	109.87	109.64	108.44	111.90
71	Investment Trusts (50)	223.92	—	3.11	4.63	32.14	223.83	223.22	222.51	225.32	208.63
81	Mining Finance (4)	110.31	−0.1	15.97	6.46	7.63	110.40	108.72	107.06	107.76	101.45
91	Overseas Traders (19)	326.06	+0.4	14.95	7.05	8.39	324.74	319.98	320.12	320.01	289.79
99	ALL-SHARE INDEX (673)	230.86	−0.7	—	5.37	—	232.56	229.44	227.06	228.35	226.93

FIXED INTEREST PRICE INDICES

	British Government	Thur., Oct. 5	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.62	+0.05	—	7.06
2	5-15 years	114.55	—	—	7.61
3	Over 15 years	120.07	—	—	10.23
4	Irredeemables	127.21	—	—	9.02
5	All stocks	112.51	+0.02	—	8.36

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Thur., Oct. 5	Wed., Oct. 4	Year ago (approx.)
1	Low Coupons	5 years	9.02	9.03	5.81
2		15 years	11.02	11.02	8.99
3		25 years	11.88	11.87	9.87
4	Medium Coupons	5 years	11.99	11.99	8.75
5		15 years	12.24	12.23	9.88
6		25 years	12.24	12.23	10.14
7	High Coupons	5 years	12.00	12.00	8.93
8		15 years	12.78	12.78	10.91
9		25 years	12.93	12.92	10.98
10	Irredeemables		11.70	11.69	9.98

		Thur., Oct. 5 Index No.	Thur., Oct. 5 Yield %	Wed. Oct. 4	Tues. Oct. 3	Mon. Oct. 2	Friday Sept. 29	Thurs. Sept. 28	Wed. Sept. 27	Tues. Sept. 26	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.70	†12.87	57.70	57.70	57.71	57.70	57.70	57.56	57.57	62.49
16	Investment Trust Prefs. (15)	51.74	13.56	51.74	51.22	51.37	51.37	51.57	51.71	51.71	56.79
17	Coml. and Indl. Prefs. (20)	71.37	13.06	71.37	71.31	71.34	71.47	71.58	71.48	71.45	79.20

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Capital	35.5	37.8	-0.4	4.13
Abbey Income	42.3	45.0	-0.3	5.71
Abbey Inv. Tst. Fd.	38.3	40.7	+0.2	4.32
Abbey Gen. Tst.	47.8	50.9	-0.4	4.07
Equitas Prog. Tst.	69.7	73.5	-0.3	3.88

Allied Hambro Group♥ (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	69.3	74.1	-0.2	5.46
Brit. Inds. Fund	67.0	71.7	-0.2	5.26
Grth. & Inc.	39.9	42.7	-0.2	4.92
Elect. & Ind. Dev.	37.0	39.6	......	4.47
Allied Capital	73.4	78.6	-0.8	4.32
Hambro Fund	112.2	120.0	-0.4	4.75
Hambro Acc. Fd.	127.5	136.5	-0.9	4.29
Income Funds				
High Yield Fd.	74.8	80.0	+0.4	7.65
High Income	69.5	74.3	......	6.66
A.H. Eq. Inc.	41.3	44.2	+0.1	6.78
International Funds				
International	27.6	29.5	-0.1	2.30
Pacific Fund	48.4	51.8	-0.3	1.93
Secs. Of America	55.9	59.8	+0.3	1.92
U.S.A. Exempt♦	96.1	101.2	+0.4	1.48
Specialist Funds				
Smaller Co.'s Fd.	41.1	44.0	+0.4	4.26
2nd Smlr. Co's Fd.	49.2	52.7	+0.3	4.51
Recovery Sits.	101.7	108.8	+0.9	4.73
Met. Min. & C'dty.	43.5	46.5	+0.2	2.92
Overseas Earnings	61.1	65.4	-0.4	4.43
Expt. Smlr. Co's.	245.6	258.6	+1.2	4.64

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	54.5	58.8	......	4.75

Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	175	185	......	9.20

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5DH. 01-248 6971

American	51.6	54.8	......	1.18
Capital Tst.	139.2	148.0	+2.4	3.27
Income Tst.	116.2	122.6	+0.2	6.25
Int. Growth Fd.	126.0	134.0	+4.6	2.07
Do. Accum.	130.0	138.2	+4.8	2.07

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	46.2	49.4	+0.1	3.88
Do. Accum.	59.7	63.8	+0.1	3.88

G.T. Unit Managers Ltd.♥
16, Finsbury Circus EC2M 7DD 01-628 8131

G.T. Cap. Inc.	90.8	95.7	......	3.50
Do. Acc.	108.9	115.8	......	3.50
G.T. Inc. Fd. Un.	169.2	179.9	......	8.20
G.T. U.S. & Gen.	141.2	150.2	......	2.20
G.T. Japan & Gen.	91.2	95.9	......	0.80
♦Gt. Pens.Ex.Fd.	143.1	150.2	......	3.80
G.T. Int'l. Fund	163.1	173.5	......	1.60
G.T. Four Yds.Fd.	58.7	62.4	......	7.00

G. & A. Trust (a)(g)
5, Rayleigh Rd., Brentwood (0277) 227300

G. & A.	34.9	37.3	-0.1	4.45

Gartmore Fund Managers ♥ (a)(g)
2, St. Mary Axe, EC3A 8BP. 01-283 3531

(z)American Tst.	29.2	31.4	+0.4	0.10
British Tst. (Acc.)	60.6	65.2	-0.2	3.30
Commodity Share	166.8	179.3	-0.7	3.38
Extra Income Tst.	25.9	27.9	-0.1	8.33
(z)Far East Trust	39.5	42.5	+0.6	0.51
High Income Tst.	61.9	66.6	......	5.32
Income Fund	79.0	85.0	-0.1	6.32
Ins. Agencies	14.37	15.43	-0.10	3.36
Intl. Exempt Fd.	89.7	98.1	-0.4	5.28
(z)Intl. Tst. (Acc.)	34.8	37.4	......	0.89

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3, Frederick's Pl., Old Jewry, EC2. 01-588 4111

[illegible]

James Finlay Unit Trust Magt. Ltd.
10-14, West Nile Street, Glasgow. 041 204 1321

J. Finlay Internat'l.	24.6	26.0	......	2.73
Accum. Units	29.3	31.5	......	2.73
J. Finlay Income	34.8	37.8	......	8.14
J. Finlay Euro.Fin.	28.0	30.5	......	2.66
Accum. Units	32.8	35.5	......	2.06
J. Finlay Fd.In.Tst.	29.2	31.7	......	4.01
Accum. Units	33.7	36.4	......	4.01

Prices Oct. 4. Next dealing Oct. 11.

Do. Accum.	84.3	90.7	+0.3	4.96
Growth	37.6	40.4	-0.1	2.82
Do. Accum.	40.3	43.3	-0.1	2.82
Capital	28.4	30.5	......	3.06
Do. Accum.	31.0	33.3	......	3.06
Income	54.2	58.3	-0.1	6.42
Do. Accum.	63.2	68.0	-0.1	6.42
International	46.6	50.4	+0.2	2.52
Do. Accum.	49.8	53.7	+0.2	2.52
High Yield	64.3	69.2	+0.1	8.15
Do. Accum.	70.2	75.5	+0.1	8.15
Equity Exempt*	104.7	110.5	......	5.63
Do. Accum.*	104.7	118.5	......	5.63

*Prices at Sept. 29. Next dealing Oct. 31.

CORAL INDEX: Close 503-508

INSURANCE BASE RATES

†Property Growth	10¼%
†Vanbrugh Guaranteed	9.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

[illegible]

OFFSHORE AND OVERSEAS FUNDS

[illegible]

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extral. Tst.	197.0	207.0	......	—

As at August 31. Next sub. day Sept. 29.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

[illegible]

NAV Sept. 14. *Equivalent $US84.63. Next sub. Oct. 6.

Warburg Invest. Magt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Sept.28	$US13.58	14.25	......	—
CMT Ltd. Sept.28	£14.39	14.76	......	—
Metals Tst. Sept.21	£12.38	12.68	......	—
TMT Sept. 14	$US11.48	11.78	......	—
TMT Ltd. Sept. 14	£11.39	11.69	......	—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US16.62	+0.08	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Net of tax on realised capital gains unless indicated by ◊. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	160	......	Q60c	φ	22.7
24	15	Rhod'n Corp 16⅔p.	16	......	0.57	7.1	5.3
80	52	Roan Cons. K4	65	......	—	—	—
41	32	Wankie Col. Rh.1	33	......	Q9c	φ	17.6
17½	10	Zam.Cpr.SBD0.24	14	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	11	......	—	—	—
140	64	Bougainville 50 Toea	132	+2	†Q8c	1.4	3.8
131	63	Bil South 50c	117	......	—	—	—
820	150	Central Pacific	475	......	—	—	—
336	148	Conzinc Riotinto 50c	306	+6	‡Q10c	2.2	‡
27	9½	Endeavour 20c	25	−½	—	—	—
72	45	G.M. Kalgoorlie $1	65	+3	—	—	—
68	18	Hacma Gold N.L.	55	......	—	—	—
140	81	Hampton Areas 5p	129	+2	t3.55	2.0	4.1
40	10	Metals Ex. 50c	36	......	—	—	—
223	125	M.I.M. Hldgs. 50c	195xd	−5	Q9c	1.7	2.8
39	10	Mount Lyell 25c	26	......	—	—	—
6¾	1½	Newmetal 10c	6½	......	—	—	—
143	79	North B. Hill 50c	120	+1	Q8c	1.3	4.2
16½	8½	Nth. Kalgurli	15	+½	—	—	—
50	12	Nth. West Mining	39	+1	—	—	—
178	117	Oakbridge $A1	142	−5	†Q11c	1.9	4.8
70	30	Pacific Copper	60	......	—	—	—
£15½	750	Pancont'l 25c	£10¼	+¼	—	—	—
40	12	Paringa M&Ex 5p	31½	......	—	—	—
570	310	Peko-Wallsend 50c	490	+6	Q15c	φ	1.9
300	50	Southern Pacific	190	+10	—	—	—
164	84	Westn. Mining 50c	146	+1	Q3c	φ	‡
70	35	Whim Creek 20c	50	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	24	+1	2.81	1.3	17.4
420	240	Ayer Hitam $M1	325xd	......	Q300c	φ	19.8
60	45	Beralt Tin	47	......	t4.0	4.4	13.4
305	200	Berjuntai $M1	245	+5	Q110c	φ	9.6
155	111	Geevor	150	......	5.04	5.8	5.0
10½	8½	Gold & Base 12½p	10	......	—	—	—
340	220	Gopeng Cons.	325	......	15.23	0.9	7.1
259	130	Hongkong	230	......	—	—	—
93	78	Idris 10p	90	......	‡12.0	1.6	‡
11	7	Jantar 12½p	8	......	—	—	—
84	68	Kamunting $M0.50	75	......	Q12½c	2.1	3.6
640	450	Killinghall	635	......	Q125	φ	19.7
470	280	Malay Dredg'g $M1	435	......	†Q95c	0.8	4.7
78	40	♦Pahang	64	......	‡Q3.75c	0.5	‡
78	50	Pengkalen 10p	74	......	6.60	1.3	13.3
270	165	Petaling $M1	245	......	†Q80c	1.6	7.5
67	49	Saint Piran	65	−2	2.03	6.5	4.7
62	47	South Crofty 10p	62	......	4.19	2.0	10.1
245	140	South Kinta $M0.50	220	......	‡Q145c	0.6	14.2
340	230	Sthn Malayan $M1	310	......	‡Q131.3c	1.1	9.1
240	134	Sungei Besi $M1	200	......	Q65c	5.3	7.0
85	55	Supreme Corp $M1	70	......	‡Q10c	—	3.1
100	85	Tanjong 15p	90	......	6.60	0.8	10.9
100	74	Tongkah Hrbr. $M1	90	......	‡Q56.82%	1.6	‡
270	148	Tronoh $M1	225xd	+5	‡Q88c	1.6	‡

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
104	70	Messina R0.50	70	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	56	+1	—	—	—
17	9	Burma Mines 17½p.	13	......	—	—	—
300	215	Cons. Murch. 10c	240	......	‡Q50c	2.6	‡
465	245	Northgate C$1	435	+30	—	—	—
258	164	R.T.Z.	250	−2	9.5	2.8	5.8
90	30	Sabina Inds. C$1	56	+2	—	—	—
£12	750	Tara Exptn. $1	837	+25	—	—	—
75	43	Tehidy Minerals 10p	75	......	+1.35	φ	2.7
185	120	Yukon Cons. C$1	145	+1	Q7c	2.9	2.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- △ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1973. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	25	......
Ash Spinning	49	......
Bertam	18	......
Bdg'wtr. Est. 50p	325	−2
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A.	37	......
Ellis & McHdy	67	......
Evered	26½	......
Fife Forge	52	......
Finlay Pkg. 5p	20	−1
Graig Ship £1	140	......
Higsons Brew	80	......
I.O.M. Stm. £1	165	+5
Holt (Jos.) 25p	258	......
N'thn. Goldsmith	67	−1
Pearce (C. H.)	190	......
Peel Mills	21	......
Sheffield Brick	54	......
Sheff Refrshmt.	63	......
Sindall (Wm.)	105	......

IRISH

Conv 9% '80/82	£91	......
Alliance Gas	68	−2
Arnott	385	......
Carroll (P.J.)	100	......
Clondalkin	89	......
Concrete Prods.	130	......
Heiton (Hldgs.)	50	......
Ins. Corp.	180	......
Irish Ropes	110	......
Jacob	60	......
Sunbeam	30	−1
T.M.G.	175xd	+5
Unidare	85	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday October 6 1978

LABOUR TAKES STEP TOWARDS NATIONALISATION

Benn backs BP takeover

BY RICHARD EVANS, LOBBY EDITOR

THE LABOUR PARTY moved a substantial step towards a commitment to full-scale nationalisation of North Sea oil yesterday, with a conference decision that alarmed senior Ministers.

Mr. Anthony Wedgwood Benn, Energy Secretary, drew enthusiastic cheers at Blackpool when he gave his backing and that of the party's National Executive Commitee to a resolution calling for public ownership, and to a policy statement demanding that British Petroleum and its subsidiaries should be fully nationalised.

Confident

But the oil industry last night reacted with indignation to any idea of nationalisation—and one U.S. company warned that it could lead to an immediate drying up of investment in the North Sea.

It was stressed by Ministers after the conference debate that Mr. Benn had spoken without Cabinet authority and that the Government's attitude towards both BP and the North Sea oil companies remained unchanged.

There is no Government proposal to extend the State's intervention in offshore exploration and development, or to make changes extending the Government's 51 per cent holding via the British National Oil Corporation when the sixth round of oil licences are offered shortly.

Nevertheless, the conference decision means that Left-wing members of the executive, who are in a majority, will fight fiercely for both commitments to be included in Labour's manifesto for the next general election.

And the party's Left-wing is likely to be much more confident following the set-backs suffered by the Government at this week's conference.

Any party commitment to further nationalisation is regarded by Mr. Callaghan and most Ministers as a political albatross and yesterday's debate will be seen as an electoral gift to the Conservatives.

Mr. Benn, who looks set to resume his role as leading advocate of Left-wing policies when the manifesto is drafted, said the executive accepted the objective of full public ownership of North Sea oil.

Demands for the complete takeover of BP have clearly gained strength in the party since the publication of the Bingham Report, which disclosed that the company, in which the Government already has a 51 per cent stake, was involved with Shell in the breaking of Rhodesia sanctions.

An executive statement on Southern Africa accepted by the conference argued that the Bingham revelations, demonstrated the need for more public accountability of multi-national companies.

It calls on the Government "to take all necessary action to compel companies to disclose full information about their operations abroad and to bring BP and its subsidiaries under full public control."

He went on to warn that challenges were being made against Britain's energy policies by the European Community, including a threat of legal action over subsidies paid out to firms to keep orders and jobs in the U.K.

Activity

Kevin Done writes: The oil industry had already become disenchanted with the Government's North Sea policy before the party conference vote to call for nationalisation.

Exploration activity has fallen sharply during the last few months and much of the blame for this has been put on oil companies' uncertainty over the nature of conditions they can expect in future offshore licensing rounds.

The Government has been accused of breaking its word on North Sea tax conditions by proposing to raise the level of Petroleum Revenue Tax.

And oil companies are unhappy at what they see as the growing influence of the British National Oil Corporation in their affairs.

Under the present licensing round which closes next month, companies have been asked to offer BNOC more than a 51 per cent stake in licences and to bid to pay for some of the State corporation's exploration expenses.

Last night companies were unwilling to make any public statements on what they see as a party political matter.

But one senior U.S. oil executive commented: "What the immediate effect will be is to dry up any more investment in the North Sea. Why should we spend any more money if we are going to be nationalised?

"If you are going to be confiscated you are not going to spend any more than you are obliged to. This is a dreamworld; it is unreal."

The industry recognises that nationalisation is still far from being Government policy. But with Mr. Benn closely associated with the conference vote, it can only add further to the industry's growing unease.

UK faces court action on fisheries policy

BY RICHARD MOONEY

BRUSSELS, Oct. 5.

BRITAIN WILL be taken to the European Court of Justice over its unilateral fisheries protection policy, Mr. Eamonn Gallagher, head of the EEC Commission's Fisheries Directorate, said here today. "The legal papers are being drawn up now," he added.

In a scathing attack on the British attitude to EEC fisheries negotiations in general and Mr. John Silkin, Fisheries Minister, in particular, Mr. Gallagher said some of the unilateral UK measures were discriminatory against other EEC members, anti-conservationist, unnecessary and provocative.

He singled out the case of the Mourne fishery off the coast of Northern Ireland as the clearest example of anti-conservationist policy. He claimed Britain had kept this area open for fishing in defiance of a Commission call for its closure on conservation grounds.

This was the most likely case for European Court proceedings, Mr. Gallagher said.

On discrimination he cited the Isle of Man fishery where Britain earlier this year unilaterally cut the total allowable catch to 9,000 tonnes from 12,500 tonnes and allotted itself a quota of 8,100 tonnes. This meant that the UK catch was cut by about 11 per cent and other countries by up to 80 per cent, he claimed.

As an example of unnecessary action Mr. Gallagher quoted Britain's imposition of a 70 mm minimum net mesh size (formerly 50 mm) for scampi fishing in UK waters.

The EEC fisheries chief attributed the severity of UK conservation measures partly to Mr. Silkin's well-known anti-Market feelings. "He has a political interest to see that the common fisheries policy does not work," Mr. Gallagher declared.

Mr. Gallagher's view of the situation evidently does not reflect that of his superior, Mr. Finn Gundelach, EEC Agriculture Commissioner. Mr. Gundelach said yesterday that no decision had been reached to take Britain to the court over fisheries. He said any such action would only be taken, with extreme reluctance. "The dialogue is still continuing," he said.

Mr. Gallagher was evidently pre-judging the case, Ministry of Agriculture officials said in London last night.

Mr. Silkin had been asked by Mr. Gundelach to justify his recent conservation moves and supply scientific evidence to support them.

His response was still being prepared and the evidence—based on statistics provided by the International Council for the Exploitation of the Sea—was being collated.

Danes seek industrial fishing action, Page 33

THE LEX COLUMN

EMI sings the blues

The market breathed a sigh of relief yesterday morning when EMI held its final dividend and reported pre-tax profits of £26m, not quite ranking as the horror story which the pessimists had been fearing. But it was the afternoon's news of a potential scanner royalty settlement with its U.S. competitor Ohio-Nuclear, now being bid for by Johnson and Johnson, which put some bounce into the share price. The closing level was up 11p at 156p, where the yield is 9.3 per cent.

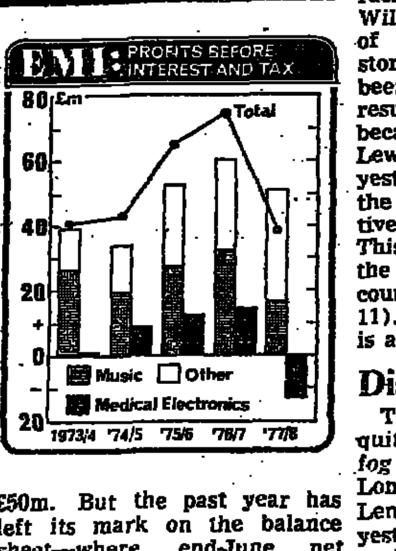
Two main factors lie behind the collapse in EMI's profits from the £64.7m achieved in 1976-77. First, scanner losses turned out to be not the £5m or so guessed by outsiders, but £13.2m—a total deterioration of £27.9m from the previous year. The reasons for this have been well aired: a savage 60 per cent decline in U.S. sales, and heavy development costs of the new scanner range.

Secondly, a serious squeeze on the worldwide music business has left profits all but halved—with only £3.2m from this division in the second six months. Heavy startup costs on the French distribution centre and the factory in Holland have exaggerated the underlying decline which relates to the growing domination of the international music business by U.S. artists. EMI's British talent has largely been driven out by the tax system, and the group's strategy is now to build up its U.S. activities as a base for its international operations. There is some encouragement in Capitol's recently improved showing—it can boast the current Number One in the U.S. charts *Boogie Oogie Oogie*.

Outside these two areas the picture is much healthier. The leisure side is well ahead, Thames TV has contributed slightly more and the defence electronics business is modestly better for the year. Moreover there is now a good chance of recovery in the trouble spots. Although a further loss on scanners is inevitable for at least the first half this time, the overall deficit for 1978-79 should be much less. The music side, too, is likely to benefit from the tailing away of exceptional costs, while films could have a useful impact this time.

Helped by, say, £15m of loss elimination EMI could push pre-tax profits back towards £50m. But the past year has left its mark on the balance sheet—where end-June net debt was £123m against tangible shareholders' funds of £163m, after a property revaluation. And the group's management still faces a major task in tackling the deep-seated problems in medical electronics and music.

Index fell 6.3 to 504.8



Sears

Sears Holdings has had a good half year. Sales are up 16 per cent, trading profits up 57 per cent, pre-tax profits up 72 per cent at £36.6m, and attributable earnings are more than doubled. A similar gain cannot be expected from the second half year; nevertheless there is a good chance that Sears can make £90m (£65½m) pre-tax overall especially if the Christmas season goes well. That should take the group into a position where it can benefit from the dividend cover concession, allowing the year's payout per share to rise by possibly 15 per cent.

The main profits thrust has come from the dominant footwear division, where sales are ahead 30 per cent. Here a 20 per cent volume gain has increased trading profit by 57 per cent to £17.9m. And Sears says that profits would have been even greater if it had not set aside a provision to allow selective price-cutting in the current half, in accordance with its understanding with the Price Commission.

The other reason for the improved results is the turnaround Sears has achieved on the (slimmed down) engineering side, as well as eliminati[ng] of the U.S. Highlander kn[it]wear losses. Elsewhere, go[od] racing weather has help[ed] William Hill profits to the tu[ne] of £1½m. But departme[nt] stores and retailing have n[ot] been able to achieve the reco[rd] results of Jubilee year, part[ly] because of a reorganisation [of] Lewis's provincial chain. [At] yesterday's closing price of 44[½p] the shares trade on a prospe[c]tive fully taxed p/e of about [?] This slots in at a premium [to] the market (p/e 8) and a di[s]count to the stores sector (p/[e] 11), suggesting that the pri[ce] is about right for now.

Discount houses

The discount houses cann[ot] quite decide whether a freezi[ng] fog is about to descend [on] Lombard Street. Minimu[m] Lending Rate was unchang[ed] yesterday and the houses s[ee] no justification for an early ri[se.] But the Prime Ministe[r's] remarks about "fiscal a[nd] monetary measures" have pr[o]voked suspicions that offici[al] contingency plans may run [to a] higher MLR as part of [a] package.

Clive Discount's interi[m] announcement yesterday th[at] results for the six months [to] September compare unfavou[r]ably with those at the sa[me] stage last year is hardly su[r]prising, for the discount mark[et] has had a rough time for mo[st] of the year so far. The shar[es] yield a historical 9.6 per ce[nt] slightly above the average f[or] the sector: the interim divide[nd] is held.

The market is prepared f[or] the worst: asset books ha[ve] been shortened, and the she[d]ding of gilts that began in la[te] June as the euphoria over th[e] last official package began [to] wear off has steadily continue[d.] The 11½ per cent yield no[w] available on two-year Gover[n]ment stock is already discoun[t]ing higher MLR, and the Tre[a]sury bill rate may well cre[ep] up again at this afternoo[n's] tender.

At the moment, howev[er,] Treasury bills give a positi[ve] running margin and so espe[ci]ally do bank bills of which t[he] supply has increased enor[]mously as a result of the cors[et.] The discount market may n[ow] hold £1.65bn of bank bills, against £1.19bn at the end [of] the June banking month, a[nd] even eligible bills now yi[eld] slightly more than CDs of co[m]parable maturity.

Probe into Pakistan order for 'N-bomb equipment'

By John Lloyd

THE GOVERNMENT is investigating a £1.25m export order for control equipment which it believes will be used by the Pakistani Government in the manufacture of a nuclear bomb.

The investigation comes at the same time as the disclosure that Mr. Z. A. Bhutto, the former Pakistan Prime Minister now condemned to death by the military government, has claimed that the country was "on the verge of full nuclear capability" during his term of office.

The order for the electrical control equipment was placed earlier this year by the Pakistani Government with Emerson Electrical Industrial Controls, of Swindon. The company says that it understood that the equipment was for use in a textile plant.

Interview

However, officials from the Department of Energy and the Department of Trade investigating the contract now believe that the equipment would be used in the construction of nuclear weaponry. The senior management at Emerson were informed of this view in an interview with officials some weeks ago.

The Government's attention appears first to have been drawn to the contract by a parliamentary question tabled on July 20 by Mr. Frank Allaun, Labour MP for Salford East.

Mr. Allaun asked Mr. Edmund Dell, the Trade Secretary: "If the supply to Pakistan of equipment which will form part of that government's technological capability to manufacture its own nuclear weapons was made with his approval?"

Mr. Dell replied that the order had not been approved, but that it would require his approval only if the equipment fell under the provisions of the Export of Goods (Controls) Order, 1970.

Officials are now considering whether the control equipment should be placed under the terms of the Order. The range of products covered by the Order — largely defence and nuclear equipment—is reviewed from time to time, and may be amended.

The equipment, on which work has started, is due for delivery next year. The Department of Energy said last night that clarification was expected in a few weeks.

Emerson—which is currently suffering from a work-to-rule by its 200 employees in support of a pay claim—says that the order is "very important" to its business and "could seriously affect its operations" if banned.

No magic

Mr. Alastair Malpas, the personnel director, said yesterday: "If the Government refuses to issue a licence for us, then the equipment can be purchased elsewhere in Europe. There is nothing magic about it."

The Pakistan Embassy refused to comment on the order last night. Neither has there been any official reaction to the report yesterday that Pakistan may be close to nuclear weapon development, though international diplomatic opinion is thought to agree with this assessment.

Mr. Bhutto, in a rebuttal of charges that he rigged last year's general election, claims that Pakistan was seeking the capability to explode a nuclear device with the aid of reprocessing plant to be bought from France.

Hodge chairman and ten directors retire

BY JOHN BRENNAN

SIR JULIAN HODGE, 74, is retiring as chairman of the banking and personal finance group that bears his name.

Sir Julian's departure, and the retirement from the boards of Hodge companies of no less than 10 other directors, including Lady Hodge and Miss Teresa Hodge, comes a matter of weeks after the revelation that the Office of Fair Trading was "minded to refuse" applications from Hodge Group subsidiaries for consumer credit licences.

Details of this move have never been made public. And it remains to be seen what effect, if any, yesterday's management changes will have on the eventual decision of Mr. Gordon Borrie, Director General of Fair Trading, on licences

Standard Chartered Bank, which bought the Hodge companies for £42m in 1973, said yesterday that the Board changes at Hodge Group had been contemplated at the time of the acquisition and discussed in detail this spring.

The bank would not say whether the moves were related to the Office of Fair Trading's recent reaction to Hodge's two-year-old application for a consumer credit licence.

Standard Chartered is expected to make its written reply to the Office's informal refusal of a licence in the next two weeks. If Hodge's subsidiaries, Hodge Finance and Julian S. Hodge, were unable to obtain a full consumer credit licence they would have to stop providing or arranging personal loans through their 100 High Street offices.

Half of profits

The personal finance side, one of the largest in the country, contributed about half of the group's £7.5m pre-tax profits last year. Standard Chartered itself reported profits before tax of £126m in the year.

Mr. Gordon Borrie had "nothing to say" on the Hodge management changes yesterday. The office is unable to comment on individual cases under review.

Mr. R. Lane, former managing director and now vice-chairman of Standard Chartered, becomes temporary chairman of all three Hodge companies. Mr. J. A. Stephenson, a Standard Chartered general manager, becomes deputy chairman of all three.

Lord Barber, Standard Chartered's chairman, said yesterday: "Some months ago Sir Julian told me that he wished to retire this autumn from his various positions in the Hodge Group. I am particularly grateful to Mr. Lane for taking on the chairmanship for the next few months until a successor is appointed.

"Both Mr. Pullen and Sir Andrew Crichton informed me some months ago that they wished to retire from the Hodge boards but, knowing Sir Julian intended to retire this autumn, they agreed at my request to remain directors for the time being."

Details of management changes, Page 31

Leyland Vehicles and unions agree productivity rises

BY NICK GARNETT, LABOUR STAFF

A PAY and productivity deal which could give rises of up to £15 or 20 per cent for a large proportion of workers at Leyland Vehicles' Lancashire factories has been negotiated by unions and management.

The deal, which the company says is within the 5 per cent pay guidelines, has still to be approved by the Department of Employment and formally ratified by the unions. Leyland Vehicles said last night, however, that mass meetings of workers had agreed the deal.

The package, which applies to the 9,600 workers at the company's truck and bus plants in Leyland and Chorley, has been partly designed to reverse the erosion of skill differentials and prepare the ground for planned expansion of the company's operations in Leyland.

Bathgate

The scheme is also geared to improving industrial relations generally and a similar type of deal is likely to be offered to workers at Leyland Vehicles' problem-hit Bathgate plant in Scotland.

This would be in line with the drive within BL, the holding group of which Leyland Vehicles is a part, to boost productivity and sort out its labour relations difficulties.

In return for higher productivity payments the company says it has won agreement from the workforce on reducing restrictive practices and demarcation problems, increasing job flexibility. The company said yesterday that it thought this would be a significant step forward in labour relations.

The pay package, worked out by a joint union-management team and to run for 12 months from September, is made up of three parts. There is a 5 per cent across the board increase, together with a self financing productivity deal worth up to 8 per cent, linked to job flexibility and an improved attendance record.

There is a further productivity bonus, linked to output and built on to an existing bonus scheme which at present is giving average payments of 5 per cent. The boosted bonus scheme could give skilled men 7.5 per cent on top of the existing 5 per cent bonus payments, semi-skilled workers 4.5 per cent and unskilled 2.5 per cent.

The productivity scheme is linked closely to high production targets and will be carefully monitored.

Targets

Wages for skilled men earning about £76, including bonus, for 40 hours could be raised to a maximum of £91 if highest production targets were met. Current wages, without existing bonus payments, for semi-skilled are £67 and for unskilled £61.

A company spokesman said the highest wage rises allowed under the scheme would only be available if there was a "massive" increase in productivity.

Management at BL Cars is devising a new productivity offer for its manual workers. The group's shop stewards combine has fixed a claim which would mean minimum increases of 19 per cent on basic pay of conceded.

● Negotiations were taking place late last night between unions and Vauxhall management over the company's pay and productivity offer.

Continued from Page 1

Ford strike

claimed. All that was needed was for the company to bargain "fairly and freely" without reference to a third party.

Mr. Evans highlighted the dilemma of the unions—and the clash in Blackpool—by re-affirming maximum support for Labour in the coming general election.

John Elliott writes: The Confederation of Britis hIndustry's president's committee comprising about 20 industrialists held a lengthy discusion on recent pay policy developments at its monthly meeting yesterday.

But there was no sign of the CBI launching any initiative or calling for talks with the Government until Ministers and union leaders have met next week.

Pay problems are not expected to be discussed at the monthly meeting of the NEDC next Monday which will be concentrating on import penetration and the performance of parts of the engineering industry.

However CBI leaders are likely to urge Ministers to start talks soon on the longer term reform of pay bargaining and on ways of improving economic understanding. This is in line with the calls fr a national economic debate made by the new director general of the NEDC, Mr. Geoffrey Chandler, earlier this week.

Continued from Page 1

U.S. prices

dollar continued to slide in foreign exchange markets, hitting another new low against the D-mark and other members of the European snake. It recovered from its worst levels later in the day.

The dollar's trade-weighted depreciation as measured by Morgan Guaranty at noon in New York widened from 9.6 per cent to 9.7 per cent.

Against the D-mark, the dollar closed in London at DM 1.8955, down from the previous day's DM 1.9007½, and it fell against the Swiss franc in spite of support from SwFr 1.5925 to SwFr 1.5837½. The gold price rose to another new peak at the close in London of $223½

Weather

MAINLY dry, sunny intervals.

London, S.E. and S. England, E. Anglia, Midlands, Channel Islands
Mainly dry, sunny intervals. Max. 18C (64F).

East, N.E., N.W. and Central N. England
Mainly dry, sunny intervals. Max. 18C (64F).

S.W. England, S. Wales
Mainly dry, sunny intervals. Max. 17C (63F).

N. Wales, Lake District, Isle of Man, S.W. Scotland, Ulster
Cloudy, occasional rain and hill fog. Max. 17C (63F).

Edinburgh and Dundee, Aberdeen, Highlands, Moray Firth, Argyll, N.E. and N.W. Scotland
Bright intervals, some rain. Max. 17C (63F).

Outlook: Becoming colder

BUSINESS CENTRES

		Y'day °C	°F			Y'day °C	°F
Amstdm.	C	14	57	Madrid	S	19	66
Athens	S	26	79	Manchstr.	F	18	64
Bahrain	S	33	91	Melbourne	S	14	57
Barcelona	S	21	70	Milan	F	17	63
Belfast	F	16	61	Montreal	F	13	55
Belgrade	C	10	50	Moscow	C	11	52
Berlin	F	13	55	Munich	C	10	50
Brmhm.	C	15	59	Newcastle	F	16	61
Bristol	C	15	59	New York	C	17	63
Brussels	C	14	57	Oslo	C	7	45
Budapest	F	13	55	Paris	C	15	59
B. Aires	C	19	66	Perth	S	19	66
Cairo	S	31	88	Prague	C	10	50
Cardiff	C	16	61	Reykjavik	C	5	41
Chicago	C	17	63	Rio de J'o.	S	28	82
Cologne	R	12	54	Rome	C	17	63
Cophagn.	R	11	52	Singapore	C	29	84
Dublin	C	15	59	Stockholm	S	11	52
Edinbrgh.	R	15	59	Strasbrg.	F	14	57
Frankfurt	R	13	55	Sydney	F	14	57
Geneva	C	13	55	Tehran	S	21	70
Glasgow	R	14	57	Tel Aviv	S	26	79
H. Kong	C	25	77	Tokyo	R	16	61
Jo'burg	C	20	68	Toronto	C	14	57
Lisbon	S	23	73	Vienna	F	14	57
London	C	11	52	Zurich	F	11	52
Luxemb'g	C	10	50				

HOLIDAY RESORTS

Ajaccio	F	19	66	Jersey	C	15	59
Algiers	S	24	75	Las Plms.	S	24	75
Biarritz	F	17	63	Locarno	C	20	68
Blackpool	F	16	61	Luxor	C	10	50
Bordeaux	S	17	63	Majorca	S	23	73
Boulogne	S	14	57	Malaga	S	22	72
Casablanca	S	22	72	Malta	S	24	75
Cape Town	S	16	61	Nairobi	S	25	77
Corfu	F	22	72	Naples	F	16	61
Dubrovnik	C	18	64	Nice	S	20	68
Faro	S	24	75	Nicosia	S	29	84
Florence	F	16	61	Oporto	S	22	72
Funchal	S	22	72	Rhodes	S	25	77
Gibraltar	S	20	68	Salzburg	R	9	48
Guernsey	F	15	59	Tangier	F	25	77
Innsbruck	C	11	52	Tunis	F	11	52
Inverness	C	16	61	Valencia	S	22	72
Isle o Man	C	14	57	Venice	F	16	61
Istanbul	F	20	68				

F—Fair. S—Sunny. C—Cloudy. R—Rain.

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